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The CREDIT WORLD

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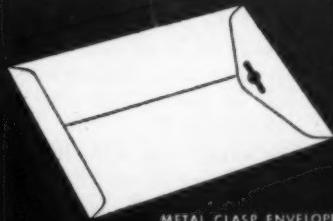
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Personnel Responsibilities of the Credit Executive

Earle Harrison

WE WERE FORCED, during the past four years, to concern ourselves with a number of phenomena beyond the realm of credit sales and collections. One of these was personnel. While this phase of our jobs may not always have been a pleasant one, I question if any one of us would care to trade his experience in the field of personnel during those years. We have a better understanding of the part each division head must contribute to the success of management's problem.

The credit manager's personnel responsibilities may be broken down into four categories—selection, training, production and promotion. There are four phenomena that are common to each of these subdivisions and they are:

First, management's wholehearted endorsement of the plan. Credit managers look to top management for guidance and support and unless management gives its unqualified approval, any personnel program however sound will fail in its objective.

Second, a well-planned program all the way through from selection through training, production and promotion.

Third, the program should be made known throughout your organization. If it is sound, it will sell itself and will be a boon to the morale of your organization.

Fourth, be sure that it is enforced at all times. Never let it lag, or allow anyone to gain the impression that it was a temporary bit of strategy to apply only during a labor crisis. One of labor's strongest arguments for unionization is that improvements in personnel made by management are temporary measures and do not represent sincere thinking. One of the gratifying facts about retailing is that we are learning that it is a business that is conducive to scientific management principles.

I—Selection

What are the steps in a good selection program?

1. First of all, there must be a point where applicants may assemble for interviewing. This is the employment or procurement office, a branch of the personnel division.
2. The second step is for the preliminary interviewer to screen out all obvious undesirable applicants and to route to you all desirable candidates.

This calls for a job specification on each job in your division. It must be remembered that your job is one of

EARLE HARRISON is Credit and Collection Manager, Marshall Field & Company, Chicago, Ill. He gave this address at the Department Store Group meeting of the 32nd Annual Business Conference of the National Retail Credit Association, Hotel Statler, Cleveland, Ohio, May 13-16, 1946.

many for which the preliminary interviewer has to find a candidate. To expect her to remember all of the specifications is to open the way for the first breakdown in your program. The specifications can be written succinctly and completely. There are ample printed sources for guidance in preparing job specifications. I shall not attempt to list all of the factors, but here are some of the elements that should be known by the interviewer:

1. Descriptive name of the job and a brief narrative about the duties.
2. Health, physical strength needed.
3. Education, or its equivalent. (How much formal education is basically necessary.)
4. Technical knowledge and experience. (This should not be confused with formal education. This includes actual skill needed to perform the job.)
5. Ability to get along with people, or if a supervisory job is involved, the ability to direct people is necessary.

The preliminary interviewer can quickly apply these specifications to the applicant. It not only saves her time and yours, but she may have other requisitions for which the candidate will qualify.

Testing. Much has been done in the field of mental and skills tests. Admittedly, much is yet to be learned in the field of mental or psychological tests. Great strides, however, have been made in testing applicants on skills and they have proved valuable in selecting the most experienced employees for technical jobs. Many of you employ the use of certain skills tests. One of the most common is the typewriting test.

If the applicant passes the procurement office, he is routed to you with his application, which may contain helpful notes.

Interview by Section Manager. If you have prepared a job analysis for the purpose of grading the job that is to be filled, you have a clear and accurate picture of it and you will be able to conduct the kind of interview that will enable you to reduce to a minimum errors of judgment in hiring an applicant.

The interview by the operating supervisor is one of the key steps in the selection process. Many skilled interviewers have found it advisable to use a guide or a pattern to follow when talking to an applicant for a job. The guide contains a number of questions which are designed to help the interviewer to cover all phases of the applicant's qualifications.

The interviewer should be free and easy and most of all the applicant should be encouraged to talk. Not only will much desirable information be obtained when he talks freely, but his mannerisms, reactions and attitude will enable the supervisor to judge the individual's qualifications more accurately. The interview should not be allowed to drag and it should not last longer than twenty to thirty minutes.

The supervisor should attempt to picture the applicant in the job for which he is being considered and also for other positions within the division of a higher level.

If, upon conclusion of the interview, it seems fairly obvious that the applicant fails to qualify, he should not be deceived into waiting for a later decision. Be fair and honest with him. Tell him, if possible, where he fails to qualify and let him be on his way to seek a position elsewhere.

II—Training

The need for training hardly needs to be discussed after four years of hiring unskilled employees for technical jobs. However, training falls into two classifications—general and technical.

General Training. General training acquaints the new employee with company policies and objectives. The nature of the business that the company is engaged in is explained. I have often felt that entirely too little is said to the new employee about the nature of retail distribution and of the part it plays in serving the public. Retailing should be classed among the leading occupations as manufacturing, transportation, farming, and government work. Colleges and universities are beginning to give retailers a greater place in their curriculum. It certainly follows that retail management should think equally well of this field.

The new employee will be told of the advantages the store's management offers, advantages over other businesses or stores in the same locality. The purpose of this training is to build the proper attitude and properly indoctrinate the employee before he begins his specific training on the job.

Technical Training. The most common method of technical training is to place the employee on the job, give him a few brief instructions and leave him alone, or if the job is a highly skilled one to place him under the direction of a well-trained employee or supervisor.

Since the objective of technical training is the reduction of training time and likewise the reduction of costly errors, the following method seems preferable:

1. Observation
2. Participation
3. Trial Performance

Observation is merely observing the job performed by one who is thoroughly skilled in the job and in the art of demonstrating. After the employee has had a good perception of the details of the job, he is then ready for the second step which is to attempt to handle it himself. A typical illustration is taking an application for credit. None of you would want a new employee to begin asking customers delicate questions that are necessary to approve an applicant's qualifications, because it is this job that determines to a large extent the success of your public relations program.

After observing the taking of four or five applications, the employee will probably like to take a few himself while his instructor sits by. When the applications are completed, the instructor will explain what phases of the job the new employee handles satisfactorily and which ones he should improve upon.

After he is through observing and participating, the new employee will be placed upon his own, but with fre-

quent checkups to determine his progress. Again, the necessity for a well-outlined program for observing the employee's progress and for constant follow up is necessary.

Manual as a Training Aid. As soon as the employee is introduced to his supervisor and his job, he should be given a copy of the division's training manual. A well-organized manual breaks the job down into each component part in chronological order and enables the new employee to follow instructions better. It expedites training time and assures the supervisor that the same instructions are given to each employee on the job. It also serves as a reference manual to skilled employees.

Following are some of the essential elements of a training manual:

1. *Organization Chart*—A complete organization chart of the division itself. (Nothing contributes more to employee morale than to know from whom he receives instructions, or whom he can approach for advice and counsel. Likewise, he must know who reports to him if anyone and what his relationship is to his fellow workers.)
2. *Responsibilities*—Those that affect the employee. Personnel and credit and collection policies. A clear and succinct statement of policies.
3. *Procedures*—Next should follow a chronological statement of procedures and duties in a clear, businesslike manner. By all means, avoid long narratives, as the employee will probably not read them and he surely will not remember them.

After procedures, the employee should be shown a work flow chart. This is merely a schedule of the flow of work for the division and especially for the unit to which he is assigned.

Training Films. As training films have become available, retailing has found them quite helpful. While there are not too many technical films available on department store routine, principles that apply in a manufacturing operation apply surprisingly well.

Our clerical employees recently viewed a film on the fundamentals of operating a typewriter. Another one was on the use of the telephone. A third was on planning the work. This one illustrated the necessity of getting all of your tools ready and organizing the job to avoid unnecessary interruptions and walking about the room after actually starting to work.

The secret of the success of movies in training seems to be that employees will observe them closely and retain many of the things seen; whereas, it is easy to forget them when repeated by a supervisor. There is something intriguing or impressive about a film, which makes it easier to retain the information.

Training films, as you may know, can be rented from libraries and schools for a relatively small amount.

III—Production

This brings us to the third subdivision of the subject, responsibility for production.

Standards. With the increase in the cost of labor and of operating your department, the cry is for volume production, but surprisingly little is known about what is fair production. Due to the large turnover of help and to the number of unskilled employees, we have less con-

ception of the amount of work an employee should perform in a given period of time. How, then, is it possible to determine the value of an employee's services? It seems imperative that necessary steps be taken to determine fair production standards on each job.

Some firms have attempted to establish their own standards without scientific analysis of the job. This, however, is questionable. A standard unfair to the employee only increases labor problems through dissatisfied workers. A standard set too low increases operating costs. The service of an industrial engineer, either on the company's payroll or representing an outside firm, should be obtained. If he is on your company's payroll, he will be available on future occasions to check the standards from time to time. In setting the standard of performance, it will be necessary for him to compile information on all factors that make up the job including rest periods, interruptions, peak periods, etc. When he is ready to introduce the standard, the employee will in nearly all cases recognize its fairness and accept it in the proper spirit.

Records. Setting the standard is only the first step. Adequate records must be kept of performance for the purpose of assuring both the employee and management that proper compensation is made.

Compensation. At the time the standard is set, the basic rate of pay will be reviewed. In addition, occasionally consideration may be given to paying a bonus on the basis of production above what is considered standard, or normal performance. One of the by-products of setting work standards is the employee's desire to simplify the job and eliminate unnecessary and clumsy operations.

When our clerical jobs were first analyzed, we felt that our production was but slightly under normal because of the intensive training these employees had recently undergone. We thought three or four of our clericals were operating considerably above normal. To our surprise, the department's average was 55 per cent and the highest production was under normal. Seventy-five per cent is considered normal.

A number of you have read the account of the incentive plan introduced by Macy's several months ago. Our experience closely parallels theirs. The plan is in operation in our bookkeeping unit, stenographic unit, credit authorization unit and will be introduced to our collection analysts and collection correspondents presently. In the clerical unit, production has already increased to a point between 75 and 80 per cent. Those employees producing a low standard of work and who did not raise it, have been eliminated while others are earning attractive bonus awards.

Our industrial engineers prepare work report forms to be kept daily, weekly and monthly on each unit. So far, there has been no feeling on the part of employees participating in the plan that their work has not been properly measured, or that their rate of pay has been unfair. On the other hand, labor turnover has decreased and the general morale is higher. Had we adopted this plan at the beginning of the war, our labor and production problems would have been appreciably less and our service to customers would have been better.

IV—Promotion

Under "Selection" we stated briefly the need for hiring employees who can be promoted to higher rated jobs. With proper training and production plans, the promo-

tion program follows logically. In fact, the employee knows pretty well whether or not he is promotion material by the progress he has made on his job. Those failing to qualify for promotions will realize that fact. As the employee soon discovers, he makes his own record and he will soon learn that the supervisor's function is to record it properly. This one advantage compensates the manager for all his effort. It is a serious thing when you pass judgment upon an individual's qualifications for a better job or for higher compensation. Then let us remove the element of guess as nearly as possible.

The following appeared in an American Management publication:

"Systematic promotion requires, as an elementary step, careful job analysis, description, and classification, for it can be built only around a careful analysis of the interrelationships existing between jobs throughout the organization. Jobs are classified, as their relationships to other positions may be charted to provide clear recognition of the channels of natural movement from one job to another. Positions may be adjusted and rearranged so that one prepares workers for another, to the end that blind alleys are reduced in number and a natural course of advancement throughout the whole organization, or more commonly, each division or department may be provided."

Summary

A thorough personnel program must, first of all, have management's wholehearted endorsement.

The responsibilities of the credit manager transcends that of approving credit and making collections. He has a strong obligation to his management for the proper function of the personnel in his division. If he carries out this phase of his responsibility, the job of extending credit and making collections will not be a difficult one. He is responsible for:

1. *Selection*—Scientific selection of applicants means fewer costly mistakes in hiring and better employees for promotion.
2. *Training*—An adequate training program falls into two parts—general and technical. Technical training is conducted in the department by means of observation, participation and trial performance. Training manuals including organization charts and clear concise statements of procedures are a valuable aid. Equally important for follow-up training are properly selected films.
3. *Production*—It is this phase of the program that you discharge your responsibility to management by assuring it that you are obtaining fair performance for its investment in wages. To accomplish this the following is necessary:
 - a. An industrial engineer should establish fair standards.
 - b. Production records must be adequate.
 - c. Salaries must be equitable.
4. *Promotion*—
 - a. The company must approve a promotion plan, and
 - b. Employee performance records must be thorough and convincing.

It is believed that if these steps are followed, the supervisor or section manager will be assured that he is discharging his responsibilities to his management and employees. *He will also enjoy that feeling that comes only with the realization of a job well done.* ★★

Referees in Bankruptcy Now on Salary Basis

★ ★ ★ ★ ★ R. Preston Shealey*

SOME FEDERAL LEGISLATION is of the spectacular variety and consequently obtains widespread public attention and acclaim. Other legislation passes quietly through Congress, and is approved by the President, but is not given its true value either in the press or by the public. This is especially true of Public Law No. 464, approved by President Truman, June 28, 1946, placing referees in bankruptcy upon a salary basis. The law has especial significance to retail credit executives because of its connection with Chapter 13 of the Bankruptcy Act—sponsored as a part of the Chandler Revision Act by the National Retail Credit Association.

Senator James W. Huffman, of Ohio, in presenting H.R. 4160 to the Senate, the bill which had passed the House, and which is now embodied in Public Law No. 464, had this to say: "This measure is also recommended by the present Attorney General of the United States, by the Judicial Conference of Senior Circuit Judges, by the National Bankruptcy Conference, the Securities and Exchange Commission, the Civil Service Commission, the National Retail Credit Association, the Commercial Law League of America, and the bankruptcy committee of the section on corporations, banking and mercantile law of the American Bar Association. There are many other supporters of the bill, but suffice it to say there are no organizations that I know of which are interested in bankruptcy administration that have taken exception to the bill in the main."

During the past fifteen or twenty years a number of bills were introduced to place referees in bankruptcy upon a salary basis, but each time the proposed legislation was defeated, due sometimes to opposition of referees, especially those in large centers whose remuneration would be drastically cut, and at other times to other factors. In September, 1944, I was asked by leaders in Congress and by representatives of the Administrative Office of United States Courts to attempt to break the bottleneck which had so far existed about this proposed legislation, even efforts of the Department of Justice up to that time having significantly failed.

After some effort I was able to assemble a conference January 26, 1945, at the Cosmos Club in Washington, at which were present representatives of most of the business and professional associations having an interest in bankruptcy. This conference was presided over by me and resulted in unanimous adoption of a revision of the then pending bill (H.R. 3338) to Section 34 (b), which required that full-time referees should be reappointed unless conduct of their office warranted otherwise. This compromise suggestion got the bill through the House without objection on October 25, 1945, and through the Senate Judiciary Committee, but, having

been called up by Senator Huffman on February 21, and again on June 6, 1946, it became apparent that some federal judges wanted to have the reappointment power without any conditions whatsoever.

It was thought their continued objection would prevent passage by this Congress but rather than let the bill die, and because the objection raised was not of prime importance, Senator Huffman, on June 15, succeeded in having the bill passed and it was approved and became law on June 28, 1946, when President Truman affixed his signature to it. That the fee system of referees in bankruptcy has now been supplanted by the sounder and wiser provision of salaried referees is due in large part to the skillful handling of the measure in the Senate by Senator James W. Huffman, of Ohio.

The Administrative Office of United States Courts is now engaged in making a survey of the volume of bankruptcy business and it is upon the results of this survey that the Conference of Senior Circuit Judges will act, determining how many referees will be needed, what their territory will be, and whether they are to be full or part-time referees, the maximum salary to be fixed for full-time referees to be not more than \$10,000 annually.

Referees Appointed for Six-Year Term

Referees, both full-time and part-time, will now be appointed for six-year terms instead of two years provided in the present act, but full-time referees will not be permitted to practice law. Other than the placing of referees upon a salary basis, the other provision of especial interest to N.R.C.A. members is that which gives authority to the Supreme Court to permit the filing fee to be paid in instalments, including wage-earner cases. It is expected that the survey and action thereon will start the system of salaried referees to commence about July 1, 1947.

Chapter 13 has been in use a number of years but to date that use is limited to about sixteen cities. There are several reasons which are said to play an important part in this lack of universal use of the measure, one of the principal of which is the fact that some referees in bankruptcy have neglected Chapter 13 for the more remunerative cases, such as corporate and business reorganizations. Now, however, not having the fee system of remuneration, referees will give more attention to wage-earner settlements and it is thought that this may bring Chapter 13 into general use.

There are other further amendments to Chapter 13: such as, discretion to judges to direct filing of petitions under Chapter 13, instead of voluntary bankruptcy petitions where the wage-earner debtor has sufficient income over and above his living expenses to pay something on his indebtedness; and the reduction of the overhead cost of Chapter 13 cases, that are being studied and may be advanced for consideration. Notwithstanding failure to use Chapter 13 in some sections and the

(Turn to "Referees," page 23.)

*Washington Representative, National Retail Credit Association, Washington, D. C.

Consumer Credit Controls Find Little Support in Milwaukee*

CONSUMER CREDIT and Regulation W are not subjects to be mentioned lightly in conversation with Milwaukee retail credit managers, personal loan company officials and bankers. They are for Regulation W, or against it. Discussions with representative persons in the various fields led to a conclusion that few would mourn the demise of the federal regulation.

Regulation W has been with us for nearly five years now. It was promulgated in September, 1941, under executive order of the president, by the Federal Reserve Board. Its announced purpose then was to control, in the public interest, "the use of installment credit for financing and refinancing purchases of consumers' durable goods, the production of which absorbs resources needed for national defense."

The foreword to the official regulation also declared that such control was necessary to: "Assist in restraining general inflationary tendencies, to promote the accumulation of savings available for financing the defense program, to aid in creating a backlog of demand for consumers' durable goods, to restrain the development of a consumer debt structure that would repress effective demand for goods and services in the post-defense period."

Did Regulation W accomplish its purposes? The opinion is general that it did to a limited extent, but that other factors had every bit as much, if not more, influence in attaining the same ends. Income was high and consumer goods scarce. Cash was paid in a large share of the purchasing that was done. Consequently, installment credit and charge account buying were depressed anyway, and large amounts went into savings, it was pointed out.

Those who favored quick elimination of Regulation W after the war were encouraged when the government eased the controls last fall as they applied to home repair and improvements, and to the time limit for repayment of loans made for purposes other than purchasing articles on the restricted list. But the government tightened up regulations again, aiming to curb credit transactions on both personal loans and automobiles.

Furthermore, a recent federal reserve board report disclosed it had recommended to Congress that legislation be passed to give the government peacetime control over consumer credit. Those who wish to see Regulation W rescinded are concerned. If the proposed legislation reaches Congress next year, it is bound to provoke a hot fight, was the unanimous agreement.

Examining the most recent Federal Reserve Board figures, it is found that total consumer credit outstanding in the country as of May 31 was \$7,513,000,000. This was broken down as follows: Total installment credit, \$2,779,000,000; total sales credit, \$1,002,000,000; total loans, \$1,777,000,000 (including repair and moderniza-

*Reprinted from *The Milwaukee Journal*, Milwaukee, Wisconsin, August 25, 1946.

tion loans insured by FHA); total single payment loans, \$1,730,000,000; total charge accounts, \$2,182,000,000; total service (doctors and other professional type) credit, \$822,000,000.

When the \$7,000,000,000 total is compared against the total national debt of some \$260,000,000,000 or the accumulated savings of the nation's population, some \$100,000,000,000, the consumer credit total takes on the appearance of a drop in the bucket, one interviewed person observed.

There have been remarks that the original purposes of Regulation W have been lost sight of, that it is now being interpreted largely as an anti-inflationary weapon. But does it have an anti-inflationary effect? Several of those talked with were certain that the regulation's force to prevent inflation was negligible.

They insisted that the regulation was not checking to any sharp extent the buying habits of the consumer. They pointed to the high level of retail sales. It was argued that installment credit buying takes specific sums out of circulation regularly, thus reducing the cash which would be available for unrestrained immediate purchases.

The major department stores in Milwaukee currently have more than 260,000 active charge accounts on their books, 50 per cent above the prewar level, according to Fred Krieger, manager of the Credit Bureau of the Association of Commerce. This bureau has reported sharp increases for several months in the number of credit reports it has been asked to furnish members.

Both installment credit and the personal loan business in the city also have been increasing this year, representatives of stores, loan companies and banks said.

Erwin Kant, a director and former president of the National Retail Credit Association, who is a department store credit manager here, declared that "No regulations ever will govern the buying power of the public. If a consumer's account is frozen at one store (as must be done if the consumer gets delinquent in payment), he can go to another store."

Kant said that at the recent convention of the national association, a resolution was adopted urging elimination of Regulation W as soon as possible. The feeling was that it answered its purpose fairly well in wartime, but that the majority of merchants were capable of continuing on a sound basis of credit without regulation, he explained. Kant complained that the regulation upsets the personal element between a store and customer, giving neither the freedom of business relationship which previously had been mutually satisfactory in most cases.

Regulation W did result in a 60 per cent reduction in accounts receivable, whereas prior to it department stores' business was 40 per cent cash and 60 per cent credit, he reported.

Carl M. Flora, Milwaukee banker and chairman of the consumer credit committee of the American Bankers Association, found that Regulation W was causing hard-

ship to veterans. He pointed out that veterans had considerable expense in returning to civilian life, particularly if married, and that largely they were without substantial savings.

Consumer credit, if properly used, can be an effective weapon in the fight against inflation, Flora believes. He observed that the huge amount of money and liquid assets in the hands of individuals was creating an obviously great inflationary pressure by an enormous backlog of buying power and tremendous pent-up demand for consumer durable goods.

Outlining the thoughts of the ABA committee, he said: "We believe this inflationary trend can be most effectively met by a program of continued savings on the part of the American people." He declared that the war bond buying trend should be encouraged and that people should be urged to keep their bonds as nest egg savings. "If people buy automobiles, refrigerators, radios, and improve their homes out of current income by making use of their bank credit, then one of our greatest inflationary dangers will have been averted," he added.

In the event legislation to extend peacetime control of credit is introduced, labor, business and banking should form a united front against it, in the committee's opinion.

William F. Streeter, furniture store credit manager, recalled that at least one group, the Wisconsin Retail Furniture Dealers Association, had gone on record as favoring retention of Regulation W. "The regulation did help a lot of stores, particularly the smaller ones, which had to compete in credit terms before the war," he said. Terms rather than merchandise were being stressed.

Streeter admitted a desire to see Regulation W liberalized insofar as maturity limits. He would retain the down payment feature—20 per cent on most items, $3\frac{3}{4}$ per cent on some—but extend time payments from the existing 12 to 18 months.

Opposition to Regulation W

Outright opposition to Regulation W was expressed by Victor Brown, head of auto financing and personal loan concerns here. He declared that he didn't believe the regulation was "doing anything for anybody."

With automobiles advanced in price, it is difficult for a good many potential buyers to meet the one-third down payment, he declared. Former servicemen are being deprived of cars because they haven't the resources mandatory for the financing, he argued.

The personal loan business, fairly active through the war, has increased in the last year, he said. "In wartime people were making more money and geared up their living requirements, so that in adjusting to lowered peacetime incomes they have found themselves pressed to maintain their higher standards, and need help," he added.

The Better Business Bureau, in the absence of a federal reserve system branch here, undertook to assist its members in compliance with Regulation W, according to Richard Jordan, manager. In cases where it observed repeated violations, plus unwillingness to comply when advised to, the bureau reported to the federal reserve board. Probably 10 or 20 such cases have arisen in the five years and there were no suspensions of licenses as penalties, Jordan said. All told, about 75 cases of violations have come to the bureau's attention. ★★

MR. CREDIT EXECUTIVE—Proceed, but, NOT TOO FAR TOO FAST

IT IS NO SURPRISE that most credit executives are now thinking seriously of the future. Some real problems confronting the credit manager are just around the corner.

Get set for increased credit buying and credit sales promotions. Each credit executive should gear his department for increased credit sales in the not too distant future. Many of the customers are reluctant to use credit facilities now. This came about during the war when the public got the idea that stores did not want to cater to credit customers. Cash has been flowing freely for the last few years and a great many of the credit customers have gotten the idea that their business was not wanted. Now the problem comes of convincing those credit customers that they are welcome and that the store is anxious for their credit business. This calls for the credit executive to use a sales promotion campaign on his inactive charge accounts and some stores in the last few months have even gone so far as to use nylons and other scarce goods for special credit promotions.

The following paragraph, from a recent Research Institute Letter, New York, explains my message especially well: "Caution—in considering expansion of your credit plans, DON'T JUMP TOO FAR TOO FAST . . . The coming competition for credit customers may induce many consumers to overload themselves with credit purchases—and then find they can't pay for all of them . . . Today most wage earners in the middle income brackets are good credit risks—but any serious drop in payrolls in your community should be taken as a warning signal and lead to immediate tightening up of credit terms."

Regulation W has been changed and will cover all consumer credits up to \$2,000.00. When the Regulation is finally abolished there will be a tendency among retailers to loosen up on conditions of credit sales. Here, again, CAUTION is urged for the credit manager, because competition in credit terms has always been and still is unwise and dangerous.

Some retailers and credit men attempt to solve this problem of competition in credit terms by agreeing among themselves, within their community, to adopt certain terms. Here, again, CAUTION is urged for the credit man, because legality of such agreements is still uncertain and it is wise for the credit man to consult his store's attorney before going too far with any such agreements.

The credit executive should be more cautious than ever during the next few months. Some of his problems are increasing prices, increasing credit sales and a tendency on the part of a great many customers to overbuy on credit during an inflationary period, which seems inevitable at this time.

The credit executive will save himself and his firm many headaches if he will immediately proceed to gear his department for this increased credit business, but use extreme CAUTION NOT TO PROCEED TOO FAR TOO FAST—William E. Glass, Vice-President and Treasurer, Cottrell Clothing Co., Denver, Colo. ★★

Collecting Medical Accounts By Mail

W. H. Butterfield

Educational Director, Editor of Better Letters Service
National Retail Credit Association

"If he could collect all the money people owe him, he'd be a wealthy man." This comment has been made, and truthfully, about many members of the medical profession. No doubt it is true that this profession writes off a greater percentage of its accounts than any other.

A doctor is—above all else—a public servant in the highest sense of the term. His profession imposes upon him many functions of a humanitarian, whether he is personally inclined toward that role or not. Knowing this, many people take care of all their other obligations before they pay their doctor bills. It never seems to occur to them that a physician, too, must eat—that he, too, has office rent to pay; that up-to-the-minute medical equipment is expensive.

To further complicate the situation, the traditional conservatism and dignity of the medical profession impose certain limitations upon the collection methods of doctors. They cannot afford to apply a coldly realistic business philosophy to their collections. On the contrary, they are forced to recognize a very real "human element."

It is perfectly ethical and proper, however, for a physician to make effective use of letters in reminding his patients and former patients of their past-due accounts. In fact, well-written letters will do a lot to reduce the percentage of unpaid accounts on his books. In most cases, of course, he will prefer to have his letters signed by his business manager or secretary, thus placing

TEN POINTS TO REMEMBER IN COLLECTING MEDICAL ACCOUNTS BY MAIL

1. Avoid curt statements that will irritate the reader. Example: We expect you to attend to this matter at once.
2. Give your letter a "human" tone. It will make the reader want to cooperate by paying his bill.
3. Make your letter reasonably brief. No debtor enjoys a collection letter enough to want to read a long one.
4. Avoid trite expressions, such as those listed on the next page.
5. Make it easy for the reader to send his check. Enclosing an addressed envelope helps to minimize his urge to procrastinate.
6. Avoid negative statements that are uncomplimentary to the reader. Example: You have failed to respond to our previous letters.
7. Always mention the amount of the bill in your letter.
8. Avoid any evidence of exasperation. This only injures the effectiveness of your appeal for payment.
9. Have every collection letter individually typed. If your letter is obviously a form, the reader is much less inclined to take it seriously.
10. Close your letter with a positive appeal for action. Leave the reader thinking about the course you wish him to take.

the correspondence on a completely impersonal basis as far as he is concerned. This method will avoid embarrassing patients who are still under his care; and equally important, it will avoid embarrassing the doctor himself.

The letters that can be used effectively by a physician with full propriety represent several basic types of appeals. Among the most resultful are the cooperation appeal, the pride appeal, and the fair-play appeal.

The cooperation appeal is usually successful in collecting small accounts which have been overlooked. Here are three good examples:

Dear Mr. Watson:

I am sure you have merely overlooked your account of \$12.50, so I am writing this note to bring it to your attention. Since it dates back to January, we shall much appreciate your cooperation in attending to it now, while this reminder is before you.

Cordially yours,

Dear Mrs. Jennings:

This is just a note to remind you of your account of \$10.00 for medical services. In the rush of other things, it is easy to overlook an item which is not a part of one's regular first-of-the-month routine throughout the year.

Since we are trying to close our books on all 194 accounts by April 1, your cooperation in taking care of this matter within the next few days will be especially appreciated.

Sincerely yours,

Dear Mr. Allen:

Small items are so easy to overlook that we feel sure your account with us has merely slipped your mind.

So this is just to remind you, and to ask your cooperation in attending to your \$11.50 medical account for April. Your prompt attention to it will be much appreciated.

Sincerely yours,

The pride appeal often gets results in collecting from persons who have paid their accounts promptly in the past. Its purpose, of course, is to stimulate action by appealing to the reader's desire to maintain his previous good record. Here are two effective examples:

Dear Mrs. Parker:

This note is occasioned by the excellence of your past record for prompt attention to your medical account. Perhaps there has been some misunderstanding about the items shown on the attached statement, amounting to \$32.50.

If this is the case, we shall appreciate your writing or telephoning us, for we want to cooperate fully. Otherwise, we know from past experience that we can depend upon you to give this matter prompt attention.

Sincerely yours,

Dear Mr. Wheeler:

We want this letter to convey to you the same spirit of consideration that we try to show you when you pay a visit to this office.

Though we are not seriously concerned about your account of \$40.00 for medical services last February, it occurs to us that you may not have realized the length of time it has been allowed to run. Because of your past record of consistent promptness in attending to such matters, we feel sure you will want to bring it up to date.

Yours sincerely,

The fair-play appeal is primarily an appeal to the reader's sense of sportsmanship in reciprocating the consideration he has received from the creditor. Here are two good examples:

Dear Mrs. Clark:

We try to live up fully to the tradition that every activity of the Union City Clinic is conducted in a spirit of consideration and helpfulness.

During the past six months we have sent you several statements and two letters reminding you of your account of \$36.00. We want to be entirely fair in requesting your attention to it, and we feel assured of the same attitude of fairness on your part.

If there is any misunderstanding about your account, please give us an opportunity to clarify it. Otherwise, won't you please attend to the matter now? We'll surely appreciate it.

Sincerely yours,

Dear Mr. Carpenter:

The extension of credit in connection with medical services is an age-old tradition of the medical profession.

In addition to observing this tradition, we try to be courteous and considerate in reminding one of his account. I am sure you will feel that your experience with us bears out this statement of policy.

In view of the medical services rendered you in good faith, won't you reciprocate that spirit now by attending to your account of \$45.00, which has been on our books for more than six months? Your cooperation in this way will be very much appreciated.

Sincerely yours,

Keep These Threadbare Expressions Out of Your Collection Letters

in the amount of
the favor of an answer
wish to advise you
this is to state
our previous communications
at an early date
greatly appreciated
due to the fact that
by return mail
favor us with your check
with reference to same
in the near future
please be advised
your kind attention
according to our records
at your earliest convenience
please attend to same
wish to remind you
kindly advise us
please forward your check
thank you in advance
in this connection
hoping for an early reply
this is to inform you
with reference to
if our records are correct
advise us accordingly
kindly send us your check
please give this matter your prompt attention
thank you for your cooperation
wish to call your attention
our records indicate
unless we are in error
your remittance to cover
at the earliest possible time
in view of these facts

"I Remember You"

"I REMEMBER YOU." "I remember you, too," I replied as I smiled at the discharged veteran. Each day brings back an old customer, a friend of the store! It is wonderful to welcome these boys home again. I thought during the war of the day the boys would return, and of the pleasure to be derived from seeing old inactive accounts come to life, each representing the symbol of peace.

The credit executive who is not too busy to personally say, "It's good to see you again," is fortunate. To use their expression, these boys get a "bang" out of seeing a familiar face. No doubt they have not given you a thought during their absence, but the moment they see you again their faces brighten into a smile, and you feel good, too, in welcoming them back. Being genuinely interested in the customer is important, not only in the case of returned servicemen, but in every person you interview in your office or talk with on the telephone. It is your right to take full advantage of; it pays great dividends. Those magnetic personal qualities fall like seeds on fertile ground, and spring up in pleasant ways when you least expect them. You may get a nice letter from a customer, or someone is pleased with your treatment and tells others. The greatest thrill is knowing that you are doing your best. If time and again the customer says when you telephone regarding a bill, "Thank you for calling," "Thank you for reminding me," or, "If I pay the account, you will not call me any more," those remarks are a part of your reward. A credit executive may be prone to believe that he may lose his prestige if he is friendly, but nothing could be farther from the truth.

To understand the customer, to meet him on his own ground, and talk shoulder to shoulder, listen to what he has to say. Make him feel important by letting him talk. The refusal of an account can be developed into an art. Regardless of what condition the credit report is in, no matter if the man has taken bankruptcy and owes judgments, you have no reason for treating him severely. Time and again the sale has been saved, and the customer has paid cash or put the merchandise on layaway because you have made him feel that you want his account, but cannot open it at present because of the condition of his record. You also have a splendid opportunity to encourage him to pay his old accounts, or refer him to the credit bureau.

Credit sales managers today, more than ever before, can utilize their time to build good will, and cement strong customer relationships. It is advisable to take stock at intervals and ask yourself, "Will this customer return to the store because of me?" "Does he like to shop here because I treat him like a guest in our home?" Thousands of dollars can be spent in advertising, but words carelessly spoken can turn the customers away.

Smile from deep within yourself, and the light will shine forth. Your good feeling is infectious, those you contact catch the spirit of cheerfulness, life takes on a brighter hue, and you realize that it is good. Accentuate the positive. Enjoy the peace, for peace is wonderful.—Hazel D. Skiles, *Credit Manager*, The Schradzki Co., Peoria, Ill. ★★

Collection Policies Under Chapter 13 of the Bankruptcy Act

J. L. Guyton

Supervisor of Credit, Union Supply Co., Birmingham, Ala.

I WOULD LIKE to summarize the operations of the Birmingham Court as this is the one that I am familiar with and I understand that some of the forms and detail of handling the accounting, collections, and disbursements vary somewhat in the different cities.

Any wage earner who works for wages, salary, or hire, whose total income does not exceed \$3,600 per year, who finds himself insolvent or with debts which he is unable to pay as they mature, may make application for relief and file his petition in Debtor's Court, provided he has resided for the greater part of the preceding six months in the district wherein he files his petition.

After filing the petition, a notice is mailed to the creditors and the debtor at their addresses, setting forth: (1) The full name, address, date of filing; date, hour and place of first meeting at which time the creditors may attend, prove their claim, nominate a trustee, examine the debtor and transact such other business that may come before said meeting. (2) Notice is also given that at the above stated time and place the court will, upon application, have a hearing upon and receive objections to the confirmation of the extension and/or composition proposal of the petitioning wage earner. (3) Brief statement of the debtor's indebtedness as shown by the schedule and a list of the names and addresses of the secured creditors. The fifteen largest unsecured creditors with the amounts owing to each as shown by the schedules and a summary of the inventory. Then follows the list of names and addresses of secured and unsecured creditors.

The first meeting of the creditors is presided over by the referee and is very informal. The debtor is examined by the referee, creditors, or the debtor's attorney, proof of claim taken, and claims allowed or disallowed. The debtor or his attorney submits his plan of liquidation showing the debtor's past and probable future earnings along with his necessary family budget, at which time any of those interested may discuss the feasibility of the plan. If the plan is properly accepted by creditors, the court in due time confirms the case.

The filing fee and other incidental court costs along with the attorney's fee are added to the debtor's liabilities which are paid out of the first payments made into the court after which 8 per cent of all money paid into the court for disbursement to creditors, other than that which might be refunded to the debtor, is charged for handling the cost of accounting operations, and disbursements.

All future earnings of the debtor is subject to orders of the referee.

If the plan is confirmed its provisions are binding upon all creditors and they have six months in which to file their claims. Any creditor not included in the schedule may file his claim at any date he finds the debtor in Debtor's Court; provided the indebtedness was due at the time the debtor filed his petition. Any subsequent

creditor can be restrained by the referee from garnishment affecting the plan. The court may issue orders to the employer with reference to the wages of the debtor and such orders are enforceable by the court.

(1) The debtor may either bring the payments agreed upon to the supervisor regularly after first drawing his own wages, which has been found generally to be unsatisfactory;

(2) He may make an assignment of his entire future wages to the supervisor for the term of the extension, in which case the supervisor will retain the amount of payment due under the plan and refund to the debtor the difference.

(3) The debtor may sign a payroll collection authorization to his employer for only the amount of the periodical payment he is required to make to the court after which he draws his wages directly from his employer.

The third method has proved the most advantageous as it eliminates much clerical work in the office of the supervisor without unduly increasing the work of the payroll office of the employer of the debtor.

A number of the larger companies in Birmingham have entered into this agreement with the debtor and the court and finds that it works satisfactorily for all parties concerned.

The total amounts collected by these employers are remitted to the court once a month with a list from what employees' collections have been made.

After confirmation, the case is turned over to the supervisor whose duty is to keep accounting records, to receive and disburse moneys according to the plan to the creditors subject to the control of the court. Under local rule of the court, the supervisor is paid a salary for his services along with other personnel of his office, which arrangement reduces the cost in the case materially.

Secured creditors' accounts are given preferences on a pro rata basis and the debtor must work out at the first meeting some method of satisfactory payment with secured creditors in order to secure their cooperation, inasmuch as the account is secured by chattel mortgages, conditional sales, or lease-sale agreement. It has been seen in this court that recent purchases made by the debtor where there was no material loss incurred be ordered returned to the creditor by the referee. In other instances the creditor has agreed to take back certain merchandise for which the debtor had no particular need, even though he might sustain some slight loss in order to cooperate with the court and other creditors. After the secured creditors have been satisfied by payments through the court the unsecured or open accounts of the creditors are paid through the court on a pro rata basis of their claims.

If, after being in the court for some time, the debtor, as a result of contingencies or emergencies over which he has no control, may ask for a modification in which case all creditors are given notice to attend the hearing and an opportunity to be heard. Modification will then be granted if the circumstances of the debtor warrant it.

If modification cannot be accepted the debtor may then apply to be released into orthodox bankruptcy, which cases are rare.

Likewise, a creditor may ask for modification as to payment the debtor could make in court due to his increased earnings at which time the debtor is given notice and ordered by the referee to appear for examination.

The time limit of liquidation of the plan is generally held to be three years unless some extraordinary circumstances exist which might carry for a longer period.

The plan may be dismissed by the court at any time the debtor fails to make proper payments into the court. I am informed that approximately 75 per cent of the debtor's liabilities is paid prior to these dismissals. After dismissal the creditor has the same right to suit and garnishment as if he had never petitioned the court. If the debtor completes his plan the case is then set for discharge by the court.

It has been found in Birmingham that about 60 per cent of the debtors are colored, most of whom are miners, and steel workers. The largest white class comes from railroad employees. Others are bus drivers, civil service employees, street railway employees, clerks in department stores, and schoolteachers. The chief cause of the debtor resorting to the Debtor's Court procedure is garnishment or threat of garnishment of their wages. The debtor may be the victim of unwise extension of credit, illness or death in the family, loss of job. In some cases the debtor is dishonest and never intended to pay. Discharge by employers for garnishment and the threat of garnishment usually make the debtor seek relief of the Debtor's Court.

The debtor is usually married and has from one to three children. He usually hears of the wage earner's plan through friends, fellow workmen, creditors, and sometimes through the personnel office of the employer who is charged with the duties of helping employees solve their financial troubles. He is usually directed to consult a lawyer for advice in the filing and handling his case in Debtor's Court.

Birmingham is considered to be a liberal credit town due to high industrialization. I, along with other Credit Managers in Birmingham, have found that the Debtor's Court has been able to liquidate indebtedness that would have otherwise been lost or would have gone into orthodox bankruptcy.

Listed below is an analysis of the court's activities. They point out the fact that the Debtor's Court is most beneficial to the debtor, creditor, and employers, as employees who are burdened with financial difficulties are usually poor workmen and bad safety risks as their minds are burdened with their financial difficulties.

Total number of cases filed under Section 622, Chapter 13, through May 31, 1946-----	14,152
Number of cases closed from 10/1/38 through 12/31/42 -----	4,908
Number of cases closed from 1/1/43 through 9/30/44:	
Dismissal -----	545
Paid in Full-----	2,245
Number of cases paid in full from 10/1/44 through 5/1/46 -----	2,790
Number of cases dismissed due to failure to com- ply from 10/1/44 through 5/1/46 -----	1,151
Number of cases dismissed due to death of Debtor from 10/1/44 through 5/1/46-----	519
Total -----	8
	1,678
	9,376

Amounts Disbursed to Creditors:

October, 1933,	through	December, 1933-\$	6,964.87
1934—	68,762.14	1940—	293,585.42
1935—	78,886.89	1941—	456,316.79
1936—	73,863.52	1942—	837,644.56
1937—	69,701.98	1943—	378,440.27
1938—	93,233.09	1944—	192,340.84
1939—	156,630.70	1945—	169,802.65
Through May		1946—	69,325.60
Total disbursed to Creditors			\$2,945,499.32
The Following Averages Per Case are Shown on 200 Cases			

The following averages per case are shown on 200 cases studied:

Number of Creditors 10

Number of Creditors	10
Number of Secured Creditors	24
Liability	\$406.21
Attorney's Fee	19.81
Court Cost	57.21

I would recommend that Creditors, Credit Bureaus and Associations interest themselves with their debtors who are in financial difficulty, along with their Bar Associations and Referees in Bankruptcy, and in the advantages to be derived in the relief afforded by the Court.

For obtaining still further information on this subject, I recommend: *Wage Earners' Plan in the Federal Courts*, by Frederick Woodbridge, Assistant Professor of Law, University of Cincinnati, Reprint from 26 Minnesota Law Review 775-823. Minneapolis, Minn., 1942.

I would like to thank the Hon. Clarence W. Allgood, Referee, and John A. Stubinger, Supervisor of Accounting, Collections, and Disbursements of the Birmingham Debtor's Court, for their splendid cooperation in furnishing facts and figures used in this article. ***



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Inactives respond readily to Reply-O Letters. Credit men see tangible evidence of reactivation within 30 days after Reply-O Letter promotions.



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Collection Claim Survey

Charles F. Sheldon

WE WANTED to learn the reason for the average account being referred to our Collection Department. Consequently, we originated a questionnaire that we thought might provide us with some of the answers.

The results, we believe, have provided us with a reasonably accurate picture of conditions of the lower income groups today. Since they also highlight the facts that everyone should endeavor to uncover when investigating, we are providing this summary of the answers for your guidance.

My observations after each summary are for the purpose of focusing your attention still further on the requirements of present-day investigating.

Bear in mind, that all these 100 cases fall into the lower income groups that make up the major part of our Collection Department volume, but that the conclusions are applicable to all investigations. The customers were not selected, but taken as called upon by collectors either by telephone or in the neighborhood.

Question: *Frankly, why haven't you paid this balance?*

A summary of the answers shows that:

- *A. Unemployment - - - - - 30 per cent
- B. No excess cash over current expenses - 21 per cent
- C. Illness of self or members of family - 20 per cent
- D. Irresponsible - - - - - 11 per cent
- E. Disputed account - - - - - 9 per cent
- F. Domestic trouble since purchasing - 9 per cent

*5 per cent of this group were unemployed due to strikes.

Notes on above groups:

- One—12 children—income \$30.00 per week.
- One—10 dependents—income \$70.00 per week.
- One—9 children—income \$40.00 per week.
- One—8 children—income \$40.00 per week.
- One—8 children—only mother working—father ill.
- One—6 children—small income.
- One—supporting aged mother—no income at present
—was \$25.00 per week.

Related Observations

Unemployment.—We have in the six reasons given in answer to this question most of the facts that we are concerned with when making an investigation. If the true conditions had been uncovered at the time of the application for credit, many of these accounts would not have been opened.

CHARLES F. SHELDON is Manager, Philadelphia Credit Bureau, Philadelphia, Pa. He prepared this survey, on the reasons why the average account is referred to the Collection Department of his Bureau, to aid his investigators in their work. The summary, we believe, will be of interest to all members of our Association.

Notice the percentage of the claims when the customer is now unemployed.

The question of permanency is of paramount importance in all investigations. We should make every effort at the time of the investigation to determine that the employment has every reasonable expectation of continuing.

No Excess Cash Over Current Expenses.—Twenty-one per cent of these customers had no excess cash over current expenses. In these cases, the amount of salary and the size of the family are our indicators.

There is a strong relationship of income to expenses in all investigations. These people, evidently, had little if any cash reserve. When their costs increase and their income stays at one level, they have less if any free money to pay bills.

These people are entitled to credit, but the credit manager should be warned that they are skating on thin ice financially. This is true particularly in the lower groups.

The investigator should weigh the living conditions with income and if the expenses seem excessive he should indicate it in his report.

Illness of Self or Members of the Family.—Twenty per cent of these customers, or a member of their family, became ill after incurring the bills. Here again, we find this group having so little free salary, that an illness prevents them from paying their bills. These customers are entitled to credit; but, here again, we are given a clue to follow in investigations.

The investigator should try to learn whether there is illness in the family that is draining the free salary. If there is, this information should be included in the report. This tip to the credit manager will suggest that a further talk with the customer may be desirable.

Irresponsible.—Eleven per cent of these customers were irresponsible in the opinion of our collectors. If they are irresponsible now, they were the same when credit was granted.

Consequently, if we were to investigate these customers we would want to look for signs of irresponsibility. Here is where a visit to the neighborhood would pay dividends.

A quick view of the neighborhood, the condition of the house, the yard, the curtains, etc., would give the investigator pointers to look further. Whatever the income, any person can be clean, and cleanliness is almost a guarantee for orderly thinking and good character. Slovenliness on the other hand is an indicator of irresponsibility.

Irresponsible people are not good credit customers. Investigators should be sure to emphasize this characteristic in their reports. One caution, however, they should not overemphasize this characteristic. In other words, they should not see an "irresponsible" behind every tree.

Disputed Account.—Nine per cent of these claims were disputed. We can discuss this from our experience. Most disputed claims are paid just as soon as we calm the

ruffled feelings of the customer. This is done, generally, by adjusting the balance.

Some disputes, of course, are not legitimate. In these instances, we have the record of our Collection Department for reference when we investigate the customer.

Domestic Trouble Since Purchasing.—Nine per cent of these cases report nonpayment due to domestic trouble. Domestic trouble, generally, does not reach a breaking point all at one moment. It is a culmination of little incidents over a period of months or even years.

Since most of these claims are filed with us within six to twelve months after the credit has been extended, we can assume that there was trouble brewing when the credit was granted.

Investigators should endeavor to learn if there is any dormant domestic trouble that might cause a separation or a divorce. Judicious questioning of contacts and keen observation will often bring forth leads to follow in obtaining this information.

Divorce cases are troublesome accounts for our members and often lead to slow accounts—even to Profit and Loss Accounts.

Investigators should watch for domestic trouble, but again, should not see it in every investigation.

Many Dependents.—We have listed a few cases where the delinquent balance could not be paid because the number of dependents was so large. There were many children and the income was small. Certainly these customers should not be penalized because they have large families. On the other hand, large families mean large expenses. When the income is small, there is hardly enough salary to meet current expenses. Therefore, nothing is left for repayment of credit purchases.

A Good Expense Formula

A good formula would be to divide the salary by the total number in the family. For example: The family of 14 (12 children and 2 parents) receiving \$30.00 a week, permits approximately \$2.15 a week for each member of the family. Then consider what you personally pay for expenses of each member of your own family and you will readily see that this customer cannot meet any credit terms without additional income.

Therefore, on investigations, the total number of persons compared to the total family income is of major importance. It is always wise for investigators to highlight in reports the fact that the family consists of a certain number of persons.

We asked our outside collectors to check their personal opinion of the customers and whether they thought that the credit should have been granted. Their replies indicate that approximately 40 per cent of the claims were for customers who are essentially honest, but that on 60 per cent of them the credit was granted to irresponsible customers.

Not all of these customers were checked through the bureau files before the credit was granted. Some of them were filed by doctors and dentists. However, we believe this analysis has directed our attention to several important factors that we must be careful to cover in our investigations. *If investigators carefully weigh the facts in this report, and act upon its suggestions, they will make a more factual and therefore more worth-while investigation.*

★★★



Labor-Management Economics (The Ronald Press Co., 15 East 26th Street, New York, N. Y., 121 pages, \$2.00)—The authors of this book believe that a better understanding of economics by management and labor will improve the tone of industrial relations. The book is prepared not for professional economists but rather for management and labor leaders who must deal with economic forces and for those interested in such forces from the standpoint of the consuming public.



The Literature of Business Contemporary

(Fifth Edition, Harper & Brothers, 49 East 33rd Street, New York 16, N. Y., 453 pages, \$2.25)—The aim of this book is to give young men and women who are to be engaged in business and industrial enterprises of the next decade or two selections from contemporary writers that will help them create a sensible philosophy for a period of change and enable them to approach intelligently the problems they must face. A variety of views and methods of handling various types of business letters is also presented.



Beyond Supply and Demand (Columbia University Press, Morningside Heights, New York 27, N. Y., 105 pages, \$1.60)—This book is addressed to "all men and women who wish to give serious consideration to what hope economic theory can give to a world of atomic bombings, uneasy peacemaking, threatened revolutions, and dangerously advanced technological developments." Many studies of Veblen have been written, but this is the first to appraise his work, and that of his followers, against the background of current problems.



Instalment Mathematics Handbook (The Ronald Press Co., 15 East 26th Street, New York, N. Y., 320 pages, \$10.00)—This Handbook offers the solution of innumerable problems of a widely varied financial and mathematical nature covering practically all kinds of transactions and calculations that could conceivably come up in time-payment financing and the liquidation of such obligations. Milan V. Ayres, the author, has developed tables and formulas specifically useful to manufacturers and retailers concerned with financing sales of household appliances, radios, heating equipment, jewelry, clothing, farm equipment, automobiles and trucks, etc. Those making direct loans to individuals, and to banks and other financing agencies will also find it useful.



Proceedings of the Boston Conference on Distribution (80 Federal Street, Boston 10, Mass., \$3.75)—This annual appraisal of economic trends affecting the business of distribution will be presented by a group of distinguished authorities at the 1946 Conference, October 14-15, 1946, Hotel Statler, Boston. The subjects to be discussed are of vital importance to the future of American business.

An OPEN LETTER About Regulation W to

Hon. J. P. Wolcott, Member of Congress (Mich.)

Dear Sir:

Note your remarks in *Women's Wear Daily*, New York, August 2, in which you have urged a speedy end to Regulation W.

It appears that the Federal Reserve Board has hinted, intimated or directly told Congress that it would recommend the Regulation become permanent. At this time, we do not know just how the credit profession feels about such a proposal. We do know that as a war measure, intended to prevent inflation, businessmen did not oppose the Regulation.

In surveys of credit granters, it appears that they are divided fifty-fifty on its retention. However, we are convinced that credit men are not the final authority to pass on the matter, and are firmly convinced that if left to businessmen themselves, that even now, while some are shouting about the dangers of inflation that still lurk, they would vote to end the regulation of credits just as soon as it would be possible for the new Congress to assemble and pass the legislation.

We hope, as you have said, that you will make this an issue in the next Congress; and by then, we hope that organizations representing business will have discovered from their members how they stand on the ques-

tion, and if favorable to it, will support your efforts to that end.

Certain such national organizations, which have the facilities for reaching thousands of retailers all over the country, will get a copy of your remarks. As they are usually prompt to take action on matters affecting their membership, we feel that they can supply you shortly with a crosscut of just how the owners of business themselves feel about it.

If, as pointed out in your article, and as pointed out by the Federal Reserve Board, or a branch of it, the accumulated savings of the country amounts to about \$130 billion, including bank deposits, Government Bonds and cash, but fifty per cent of those in the lower income brackets own 3 per cent of the savings or less than \$4 billion, and it is patent that retailers everywhere are being denied the right to extend a great deal of credit that deservedly should be extended. It is also rank discrimination to those lower income bracket people deserving of credit, and certainly an injustice to businessmen who would like to solicit those accounts but cannot because of the excessive down payments required.

Reflection might cause credit managers everywhere to stop and think what is happening to their profession, when they are expected to be merely office boys to carry out some dictum of a federal bureau. It seems certain that no businessman who gives sober thought to it believes that the government is better able than he is to regulate and carry on any department of his business. Credit men rode out the worst kind of depression with only nominal losses. In normal times credit losses of one-fourth per cent or less are the rule, showing that business unregulated can do a good job.

Business Must Speak on the Subject

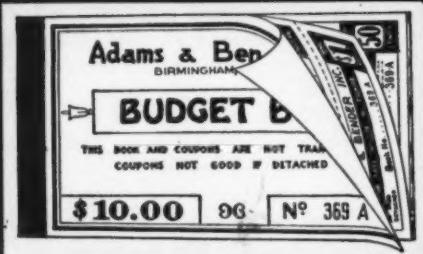
But business itself must speak on the subject before it can be certain just how owners of business feel about Regulation W, and how soon they would like to have it ended.

This is no criticism of the Federal Reserve Board for its handling of a necessary, wartime measure such as Regulation W. Business, we believe, feels that it was one of the best, if not the best administered of all of the wartime, business regulatory acts. But we are not at war; and the sooner this dawns upon many, the better.

This letter is written with the hope that when Congress convenes you will have learned, and the other members of Congress will have learned, just how business does feel.

Very truly yours,
F. E. Morrissey
Executive Secretary
Texas Retail Dry Goods Association
Dallas, Texas

MERCHANDISE COUPON BOOKS for SIMPLIFIED-POSITIVE CREDIT CONTROL



Ask Us How And Why

Southern Coupon Co.

P. O. BOX 1472 - BIRMINGHAM 1, ALA.

R. Preston Shealey asks:

What About "Skips"



LOCATING DEBTORS who have changed their address, or who may not wish to be located, is an important factor in the collection of accounts. The return registered receipt with address procedure is of importance in this matter and some developments should be brought to the attention of credit and bureau managers.

Section 1218.1 (a) of the Postal Laws and Regulations provides for obtaining the address on the return registered receipt upon payment of an additional fee. It was the offer to pay the additional fee that enabled the National Retail Credit Association to get this legislation through Congress over the opposition of the Post Office Department. While I handled this matter, important support was furnished by Col. Franklin Blackstone, of Pittsburgh, and former President Charles Reed, of Denver. Several years later Congress passed other legislation providing that for a fee of 10 cents, in addition to the regular postage, the mail could be restricted in delivery to addressee only. This fee was increased to 20 cents on March 26, 1944.

If the return receipt with address only is desired, the latter is stamped at the Post Office window as follows: "Return Receipt Requested Showing Address Where Delivered." If, in addition, it is desired that the letter be delivered to addressee only, it is stamped at the Post Office window as follows: "Deliver to Addressee Only." This restriction in delivery applies to domestic registered, insured and C.O.D. matter. In all other respects the letters should be addressed as first-class mail; namely, with the addressee's name and address plainly displayed on the front of the envelope and in the upper left-hand corner the sender's name and address.

Increase in Fee Return Receipt

The fee of the return receipt request with address provision was increased one-third by the Revenue Act of 1943; so that today the total, including the restricted delivery proceeding provision is 71 cents, but without that provision 51 cents, in addition to regular postage.

The text of Section 1218.1 (a) of the Postal Laws and Regulations, as originally enacted, is: "Whenever the sender shall so request, and upon payment of a fee of 3 cents at the time of mailing or of 5 cents subsequent to the time of mailing, a receipt shall be obtained for any registered mail matter, showing to whom and when the same was delivered, which receipt shall be returned to the sender, and be received in the courts as prima facie evidence of such delivery; Provided further, that upon payment of the additional sum of 20 cents at the time of mailing, a receipt shall be obtained for any registered mail matter, showing to whom, when, and the address

where the same was delivered, which receipt shall be returned to the sender, and be received in the courts as prima facie evidence of such delivery."

The following subparagraphs (c) and (d) are applicable to and added to paragraph 1.

"(c) The fees for obtaining receipts for registered mail and insured mail shall in each case be increased 33½ per cent, computed in each case, if the amount of such increase is not a multiple of 1 cent, to the multiple of 1 cent next above such amount." (Act of February 25, 1944, Public Law No. 235, 78th Congress, effective March 26, 1944.)

"(d) Effective March 26, 1944, the fee for a sender's registered return receipt requested at the time of mailing will be 4 cents; when requested subsequent to the time of mailing 7 cents; and for a receipt showing to whom, when, and the address where the registered article was delivered, 31 cents.

"Form 3547 applies only to third and fourth class matter sent out in the regular course of business for purposes other than obtaining address of the person to whom the matter is sent." This is the language of a note to paragraph 5 of Section 769 of the Postal Laws and Regulations.

The restriction provision is sometimes used because of complaints that carriers have not been using every effort to see that the registered mail matter is delivered to the addressee. When the addressee called at the Post Office or branch it was seldom, indeed, that he appended his address. However, as a result of my efforts—with the support of former President Paddon, the Post Office Department has issued instructions to postmasters to endeavor to obtain addresses when the addressee calls at a Post Office for registered mail of this description. Are these instructions meeting with success? What is your experience? The Post Office Department would like to know.

This registered mail service has been used annually to the extent of about 275,000 pieces of such mail, but may become of increasing importance because of recent "cease and desist" orders of the Federal Trade Commission, and which orders have been affirmed by the Circuit Court of Appeal—6th and 9th Circuits—Cleveland and San Francisco. These decisions were based upon cards which the Federal Trade Commission, and on appeal, the Circuit Courts of Appeal, felt contained insignia or inscription which tended to indicate that they were emanating from the federal government. Under the circumstances it would seem that the best procedure

(Turn to "Locating Skips," page 29.)



Solicitation of New Accounts

THE MOST IMPORTANT function of Credit Management today is credit sales promotion. The day of the old-time credit manager is past. Today's credit manager is living in an ever-changing era. He must, therefore, keep alert at all times, so he will be able to handle his job intelligently amidst these daily changing conditions. He must take his place as a credit executive, instead of a glorified bookkeeper.

No one in any retail organization is better qualified to do the job of credit sales promotion than the credit manager. Today, you must prepare for tomorrow's business. A cash customer is anybody's customer; but a charge customer is your customer, provided you make him so by every contact he has with every associate of your store.

It is necessary today to secure new and profitable business. While most retail stores are now showing a substantial increase in business—it is not a healthy condition due to many circumstances beyond the control of retail executives. But the store that increases its business by making real friends of their new customers, will have nothing to worry about when the supply equals or exceeds the demand for merchandise.

A customer's worth to your store is just what you make it. If you prove to him that your merchandise is the finest obtainable for the money (never squabble over adjustments), and if the personnel of your store is bending backward to serve that customer, he will buy practically everything he can from you. On the other hand, if you treat him as just another customer, you

Greetings:

This is the manner I am using to tell you that I have accepted the Chairmanship of the Credit Sales Promotion Committee.

Clarence Wolfinger, my predecessor, did a marvelous job. But you and I have a bigger job to do this year. You must give me your ideas, so that they can be passed on to other credit granters, through the medium of *The CREDIT WORLD*. If you have an idea relative to credit sales promotion, please send it to me. I will see that it is published in this department.

I am told the world is full of people with ideas—I know of no better group of people with ideas than credit managers. If you keep them to yourself you are not doing your part to elevate the credit profession.

With this little introduction, I will be looking forward to receiving the credit sales promotion ideas that have proved profitable in your business.

Sig. L. Weisskerz
The Union Co.
Columbus 15, Ohio

will find his business is not worth much to your store. You will find the only purchases he makes at your store are those he cannot purchase elsewhere.

In soliciting new accounts a definite plan must be carefully worked out. Your credit policy is already established; so it is necessary to formulate a definite solicitation program, to be carried out throughout the year, to open new accounts for your store. When your plan is ready, go to management; tell them how much it will cost, get their approval, then start to function.

I am a firm believer in an aggressive policy rather than a passive one. Competition already is beginning to become very keen, so let us not wait for new business to come in. Let us go after it!

Credit Sales Promotion Program

In our store we have a well-defined credit sales promotion program. Starting with solicitation of new accounts, we use every conceivable means of getting names of potential charge customers from:

1. Cashing checks
2. Customers paying cash for merchandise with checks
3. Names of customers making large cash purchases
4. Checking city directory for names of people living in finer neighborhoods of Columbus, who do not have accounts with us
5. Checking newcomer lists that we obtain daily
6. Cash customers who were given nylon cards
7. Tea Room solicitation
8. Applications for credit taken by floor managers
9. Names of will call customers
10. Names of C.O.D. customers
11. Names of Budget customers
12. Out-of-town names from telephone directory
13. Recommendations from our charge customers
14. Names of people obtained from our travel bureau
15. Names of returning veterans
16. Names obtained from newspapers of people receiving promotions
17. Names from our personal shopper
18. Names of mothers who are about to have babies
19. Advertising for new accounts via newspapers
20. Advertising for new accounts via radio
21. Names from rosters of luncheon clubs, fraternal organizations and churches
22. Names of relatives of our store personnel

Next month I will tell about the various letters we use in soliciting new accounts.—Sig. L. Weisskerz, Director of Accounts, The Union Co., Columbus, Ohio.

The Modern Machine for All-Electric Typing



IBM

ELECTROMATIC TYPEWRITER
INTERNATIONAL BUSINESS MACHINES CORPORATION, 590 MADISON AVE., NEW YORK 22, N.Y.

Open Letter to All Members of the N.R.C.A.

Dear Members:

All retail organizations, during the war period, have experienced a great turnover in personnel and at the present time are adjusting their staffs to an accelerated merchandise sales program. Also, the almost cash basis of the war days is about at an end and the use of retail credit will be expanded to greater use than ever before.

As a member of the National Retail Credit Association, we are sure you know a credit manager in your city who has just been selected to head the credit department of one of your local retail stores. If so, why not invite this new credit manager to attend the next meeting of your local retail credit association and to become a member of the National Retail Credit Association.

A new credit manager will receive many benefits by joining in with the other credit managers of his city and nation in the National Association.

Its monthly publication, *The CREDIT WORLD*, is of such informative value during these times that no firm doing a credit business should be without it. All during this trying war period it has kept everyone advised on government regulations and progress made by the National Retail Credit Association in furthering favorable legislation in Washington. It has told us how we should properly open charge accounts and also helped to teach us how to write better credit and collection letters, which has

been of great benefit in training the many new employees which we all have had.

The opportunity given each member of the Association to attend both the National and District Conferences, where credit is discussed in every phase by the most able men in the field, is another one of the benefits that accrue to those who are vitally interested in their work.

At the present time there are many problems which have never confronted the credit-granting fraternity before and we can assure the new credit managers that they can turn to the National for assistance and guidance.

The benefits to the local retail credit managers' group and to the individual credit managers as a whole will, we are sure, be many by your inviting the person selected to be the new credit manager in one of your local retail stores to join your local group and the National Retail Credit Association.

Since we have suggested your inviting some new credit manager or any other credit manager who does not belong to our organization to join us, won't you cut out the Membership Application below and secure a new member for your Association, the National Retail Credit Association?

Thank you for your cooperation.

Harry F. Reid
General Membership Chairman.

APPLICATION FOR MEMBERSHIP

National Retail Credit Association, 218 Shell Building, St. Louis 3, Missouri

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this city. I enclose \$5.00 which entitles me to all the privileges of membership, including *The CREDIT WORLD*.

Name _____	Title _____
Firm _____	Kind of Business _____
Address _____	Zone _____
City _____	State _____
Date _____	Recommended by _____

A new N.R.C.A. book — Ready October 15 — Order your copy now!

How To Write Good Credit Letters

By W. H. Butterfield

Educational Director, National Retail Credit Association; Editor of N.R.C.A. Better Letters Service

A brief, practical guide to better credit department letters, by the author of twelve other widely used books on business letters. Written in an easy, conversational style, the fifteen short chapters of this book show how to boost your credit letters far above the run-of-the-mill class.

This readable little book gives you many actual examples of credit letter faults, accompanied by revisions that illustrate effective letter writing.

Here are a few of the chapter titles:

Does Your Vocabulary Have Whiskers?

Make It Sound Like Good News

Do the Elephants March in Your Letters?

How Many Words Can You Save?

"We-it-is"—A Common Malady of Credit Letters

Write to John Jones, not John Public

The entire book can be read in about an hour—a most profitable hour for all who write credit department letters. This volume should be on the desk of every credit executive and assistant for ready reference.

47 pages, price \$1.50

MAIL THIS COUPON TODAY

National Retail Credit Association
218 Shell Building, St. Louis 3, Mo.

Please send me _____ copy (ies) of HOW TO WRITE GOOD CREDIT LETTERS, price \$1.50 a copy.
Check enclosed Mail bill

Name _____

Position _____

Firm Name and Address _____ Zone No. _____

CREDIT FLASHES

New Billing System Steps Up Service

The J. W. Robinson Co., Los Angeles, Calif., has discarded the old billing system, working directly from ledgers, in favor of the new Remington Rand Cycle-Matic system, permitting staggered mailing of statements throughout the month. After a month of operation with this new system the Company reports considerably improved service to customers and satisfaction to the credit department. At the present time there are 20 mailing cycles operating monthly under the system, which is also being used by Saks-Fifth Avenue, Beverly Hills, and J. J. Haggerty Co., Los Angeles. This transition in billing systems is being carried out by the Robinson Company while 3,000 new charge accounts are opened each month. The store has found very little customer resistance to the plan.

Joint Meeting at Savannah

The Associated Retail Credit Managers of Savannah, Georgia, and the Savannah Credit Women's Breakfast Club held a joint meeting in the Camilla Room of the Savannah Hotel, July 8, 1946.

Henry C. Alexander, Credit Manager, Belk Bros. Co., Charlotte, N. C., was guest speaker. Mr. Alexander is well known throughout the credit fraternity. He is a member of the Board of Directors of the N.R.C.A. and is past president of the Third District. His topic for the evening was "Consumer Credit and the American Way of Life."

During the evening, nylon hose were distributed to lady guests. The joint meeting was most successful. Results led to the decision that the two organizations would hold quarterly joint meetings regularly.

Below is a photograph taken of the head table at the meeting.



Left to right are: Ken Dickson, Vice-President, Associated Retail Credit Managers of Savannah; Mary Dotson, Treasurer, Savannah Credit Women's Breakfast Club; Rev. Leroy Cleverdon, Pastor First Baptist Church; George K. Upchurch, Liberty National Bank & Trust Co.; Mrs. Niwana King, Secretary, Savannah Credit Women's Breakfast Club; Henry C. Alexander, Balk Bros. Co., Charlotte, N. C.; C. Roy Linzer, President, Associated Retail Credit Managers of Savannah; Mrs. Jamie Sundy, President, Savannah Credit Women's Breakfast Club; Murray B. Weldon, Secretary, Associated Retail Credit Managers of Savannah; Gloria Oetgen Dillon, Savannah Credit Women's Breakfast Club; C. B. Gnann, Treasurer, Associated Retail Credit Managers of Savannah; and Mrs. Anne Inglesby, Vice-President, Savannah Credit Women's Breakfast Club.

Credit Course for Seattle

A special six weeks' course in Retail Credit Fundamentals is being sponsored this fall by the Retail Credit Association of Seattle, Washington, and the Seattle Credit Women's Breakfast Club. The following subjects are to be covered in the course: Credit As A Business Force, Obtaining Applications for Accounts, Credit Bureau Develops Credit Report, Analysis of Risk, Controlling the Account, Collection Procedure, and Rehabilitating Delinquent Customer.

C. P. Younts Critically Ill

C. P. Younts, who retired from the position of Credit Manager of Frank T. Budge Co., Miami, Fla., several months ago, has been critically ill in the hospital. He would enjoy receiving communications from some of his many friends in the N.R.C.A. His address is 3153 West 14th Avenue, Miami 37, Fla. Mr. Younts has been a member of the N.R.C.A. for 27 years and at one time served as field secretary for the Association.

New Officers for Robert Morris Associates

The Robert Morris Associates, a national organization of bank credit men, held its annual meeting in the Central Office, Philadelphia, Pennsylvania, on August 30. As a result of the meeting the following officers were elected for the ensuing year: President, Ernest E. Nelson, Brown Brothers Harriman & Co., Boston, Mass.; First Vice-President, Arthur L. Moler, The Fifth Third Union Trust Co., Cincinnati, Ohio; and Second Vice-President, Walter L. Rehfeld, Mercantile-Commerce Bank & Trust Co., St. Louis, Mo.

Temple Allen

Temple Allen, Manager, Retail Credit Association, Redlands, Calif., passed away suddenly September 2. Carolyn Robinson is Acting Manager until a new Manager can be selected.

CREDIT FLASHES

Pontiac To Educate Consumers

Particular stress is laid on personal convenience and prestige in a year's campaign recently launched by The Pontiac Credit Bureau, Pontiac, Mich., to educate consumers to the value of a good credit record. This educational program includes two essay contests conducted in the Pontiac schools in October and March on the subject: "Value of a Good Credit Record." In announcing the program Floyd Miller, Secretary-Manager of the Bureau, stated also that a series of advertisements on the subject will appear in the *Pontiac Daily Press*.

Butte Association Reorganizes

Approximately 75 attended a dinner meeting recently at Lloyd's, Butte, Montana, for the purpose of reorganizing The Butte Retail Credit Association, which had suspended its activities during the war. One of the principal speakers was Elmo Steffenson, Credit Manager, Grand Street Furniture Co., Helena, Mont., who is a Director of District 10 of the National Retail Credit Association. An instructive motion picture, "Life of Credit," was shown.

Notice

The prices of all stickers and inserts are now \$2.50 per thousand, \$3.00 assorted.

Retail Credit Fundamentals, by Dr. Clyde W. Phelps, N.R.C.A., 318 pages, \$5.00.

Streamlined Letters, by Waldo J. Marra, N.R.C.A., 464 pages, \$5.00.

Retail Credit Fundamentals and *Streamlined Letters* extension courses, \$7.00 each.

Correction

In the August CREDIT WORLD it was reported that District One of the National Retail Credit Association held its annual meeting in Swampscott, Mass. This was an error, as the meeting was held in Springfield, Mass.

George B. Allen, Manager, Credit Bureau, Springfield, Mass., and Secretary-Treasurer of the Retail Credit Association of Springfield, had this to say about the meeting: "Springfield staged the most successful conference ever held by the First District of the N.R.C.A. (Retail Credit Grantors of New England), with respect to total registration, program, financing, etc."

The 1947 Conference of the District will, however, be held at the New Ocean House, Swampscott, Mass.

Help Wanted

South Texas' most modern department store has an opening for a young woman experienced in planning and executing successful direct mail campaigns. One who is capable of writing credit promotion letters, institutional letters, sales letters, as well as skilled in the preparation of all types of direct mail matter. The person who qualifies for this position will be required to work with both the credit and advertising departments. Write, giving particulars of experience, age, salary desired, etc., to P.O. Box 899, Corpus Christi, Texas.

"Referees"

(Beginning on page 7.)

necessity for further amendments, it still performs an extremely useful function throughout the country. This is true because it enables adjustment bureaus, and others who are engaged in carrying out pooling arrangements for consumer debtors to bring recalcitrant creditors into line where a majority of the creditors have approved a pooling plan.

Some credit managers apparently feel that all one has to do is to interest a Congressman or Senator in proposed legislation, have the bill introduced, and the next day it becomes law. Public Law No. 464 is an illustration of the falsity of any such idea. A salaried referee provision was a part of the Hastings-Michener bill in Mr. Hoover's administration (1932) and has been the subject of attention and bills during the administration of the Department of Justice, by Attorney Generals Murphy, Jackson and Biddle, but not until the conference of January 26, 1945, was success registered in bringing about its enactment. Assistant Attorney General Francis M. Shea has been in charge of this matter of salaried referees under the Attorney Generals mentioned. ***

R. S. Williams Resigns

R. S. Williams has resigned as Credit Manager of the Elder & Johnston Co., Dayton, Ohio, after serving in that capacity for eleven years. He has purchased a business in Perry, Michigan, of which he will assume ownership on October 15.

John Kemper at New Post

John D. Kemper, formerly Credit Manager for Mandel Brothers, Chicago, Ill., has accepted the position of General Credit Manager for the six Wiesboldt Stores in that same city. He is succeeded at Mandel's by George F. Gersten, who was his assistant for many years.

CREDIT WORLD Files

WE NOW HAVE available a handy, attractive cardboard file container resembling buckram in which you may conveniently store your copies of The CREDIT WORLD. Each file will hold 24 issues (2 years) and may be kept on your desk or in your bookcase for ready reference. The title is clearly printed on the backbone of the file in pleasing blue ink. Year labels from 1941 through 1950 furnished with each file. A reader's index of selected articles is printed on the back for your convenience.

When you have this neat container at your finger tips you needn't fumble for your copy of last May—it will be there in the holder with all the other current copies.

ONLY 75¢ EACH

NATIONAL RETAIL CREDIT ASSOCIATION

Shell Building

St. Louis 3, Mo.

CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD

ONE OF THE MOST persistent faults of business correspondence is the chronic use of negative words by many letter writers. Any word that conveys a negative or unpleasant suggestion to the reader will be sure to influence his reaction unfavorably.

The following letter contains six damaging negatives that give the entire message an unpleasant tone:

Dear Mr. Blank:

We should like to know if your failure to meet the payments on your account is due to any dissatisfaction with us or our service. We want you to tell us frankly what the trouble is.

If we are in error in any way, you will find us most willing to correct any mistake, but if the account has simply been neglected, please send your remittance now, while this matter is before you.

Yours very truly,

Let's guard against such words as *failure*, *dissatisfaction*, *trouble*, *error*, *mistake*, and *neglected*. They give any business letter an unpleasant tone; they leave the reader thinking about the negative side of the situation instead of its favorable, constructive aspects.

Of all the correspondence prepared in the credit department, collection letters contain the largest number of negative words. Inactive-account solicitations and letters declining to extend credit are also highly susceptible to this fault.

This Month's Illustrations →

Each of the letter specimens reproduced on the adjoining page deserves a rating far above average. Each does a good job of getting its message across in a friendly, constructive manner.

Illustration No. 1, used by Ben Simon & Sons, Lincoln, Nebraska, and signed by Charles B. Simon, is a novel inactive-account letter. The sketches which appear within the letter body add attention value to the message and provide a refreshing change of pace from the conventional inactive-account solicitation. Such an unusual message, of course, would not be appropriate for all types of retail concerns, but its informal tone is well

In the November issue of The CREDIT WORLD this department will feature letters based on the Christmas theme—those which tie up the message with a timely reference to the holiday season. In December, CREDIT DEPARTMENT LETTERS will present letters which use the "first-of-the-year" keynote.

Readers are invited to submit examples for comment and analysis in these columns. Your participation will be welcomed and appreciated.

suited to the Ben Simon organization, which specializes in men's wear. The brevity of the letter is also a point in its favor, since it helps to assure a complete reading. Finally, the writer avoids any suggestion of customer dissatisfaction and keeps his letter completely free of such negative words as *grievance*, *complaint*, *displeased*, *disappointed*, and *failed* (words which often find their way into inactive-account solicitations). Instead, he includes an element of merchandise appeal with a seasonal tie-up which makes it timely.

Illustration No. 2, used by the John Taylor Dry Goods Co., Kansas City, Missouri, and signed by H. J. Burris, Manager of Monthly Account Sales, is an effectively worded request for payment of a past-due account. Its courteous, sincere tone would make most customers want to cooperate by paying their bills. The writer's offer of assistance, as expressed in the final paragraph, concludes the letter on a constructive note and shows every consideration for the customer. The message is entirely free from the trite, rubber-stamp expressions that haunt most collection letters.

Illustration No. 3, used by The Frisco Lines, is an unusual and economical builder of good will. This little sticker is pasted across the top of the latest newspapers provided for the enjoyment of parlor car passengers. Printed in red and black type on a white background, the message is a good attention getter. It shows how alert public-relations work can build customer friendship at small cost.

Illustration No. 4, used by The Union, Columbus, Ohio, and signed by S. L. Weisskerz, Director of Accounts, is a letter following up the opening of new charge accounts. It is one of those "unnecessary" letters that win good will mainly because they are unnecessary, and therefore unexpected. The message is brief and very well worded. It extends to the new credit patron a courtesy which is often overlooked in these busy times. Such a letter is well worth writing; it utilizes a fine opportunity to establish a cordial, personal contact between the credit executive and each new charge customer.

Illustration No. 5, used by Hotel Governor Clinton, New York City, and signed by Edward L. Buckley, Manager, extends to hotel patrons the convenience of credit facilities. The letter is cordial and gracious; its tone is entirely consistent with the courtesy which it extends. The reader is given a clear understanding of how to use his credit card, and the explanation should convince him of the convenience it holds for him. Emphasis throughout the letter is placed upon *service to the patron*, making this message a notable example of the "you attitude." ★★

Ben Simon & Sons

LINCOLN I. NEBRASKA
October 12, 1946

Mr. C. P. Riley
4148 Summit Ave.
Lincoln, Nebraska

Dear Mr. Riley:

The months  are slipping by...and we haven't heard from you. With winter just around the corner, we know you'll be wanting wearables to pep up (and warm up) your winter wardrobe. We have 'em...here at Simon's, and your Charge Acc't  will save you time and make shopping more convenient!

So...do stop in and pay us a visit..... soon!

Sincerely yours,

Charles B. Simon
Charles B. Simon

CBS:JR



JOHN TAYLOR
DRY GOODS CO.

KANSAS CITY, MO.

1034 TO 1040
MAIN STREET
NOT TO 1023
BALTIMORE AVE.

October 10, 1946

Mrs. H. C. Whitworth
767 East Elm Street
Kansas City, Missouri

Dear Mrs. Whitworth:

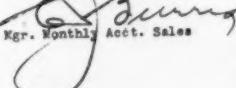
There is a tradition here at Taylor's that everything we do should be dictated by the friendliest of feelings. The Credit Department subscribes most heartily to this ideal.

It is, therefore, with genuine regard for you as a friend and patron that we request your attention to your account. The unpaid balance is \$21.15.

Is there anything we can do to help you? Our careful and courteous consideration will be given to your suggestions.

Sincerely yours,

JOHN TAYLOR DRY GOODS CO.


Edward L. Buckley
Mgr. Monthly Acct. Sales

HJB:ML

ALL CORRESPONDENCE MUST BE ADDRESSED TO THE COMPANY

THE UNION

HOME OF QUALITY

S. M. LEVY
Chairman of Board

COLUMBUS 15, OHIO

October 1, 1946

(4)

Miss Dorothy Tilford
2267 Hillcrest Avenue
Columbus, Ohio

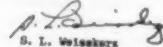
Dear Miss Tilford:

Thank you for opening an account with us.

It is a pleasure to have you with us as a charge customer. We will try in every way to make your shopping here a very pleasant experience.

Cordially,

THE UNION


S. L. Weissberg
Director of Accts.

A
ELW:te




HOTEL GOVERNOR CLINTON
NEW YORK N.Y.

September 5, 1946

(5)

Mr. John D. Phillips
1405 Crescent Drive
Canton, Ohio

Dear Mr. Phillips:

It is a pleasure to extend to you the credit facilities of Hotel Governor Clinton. Enclosed is your Credit Identification Card, with my compliments.

We invite you to make the fullest possible use of our services. Your signature will be honored for room accommodations, restaurant checks, and charges from any department under the hotel's supervision. Statements of your account may be rendered monthly, payable the tenth of the following month, and the card may be used for identification purposes when cashing checks.

We hope this convenience will add to your enjoyment of the Governor Clinton, and that our credit facilities will be of real service to you.

Cordially yours,


Edward L. Buckley
Manager

ELB:FF

Business Conditions and Outlook

• High Level of Business Activity for Fall Months •

AT THE BEGINNING of the second peacetime year, the volume of trade and other forms of business activity is being maintained at levels considerably above that of a year ago. Industrial production is still lagging although output in many lines is quite steadily increasing and is above that in any preceding period, other than the wartime peaks. The total volume of business, as measured by bank transactions, is about 9 per cent higher than it was a year ago. Indications are that the high level will be maintained during the busy fall season and possibly longer.

NOT ONLY is the general volume of business high, but also conditions are somewhat more nearly uniform in all sections of the country. The most striking variations are the marked differences between the major industrial regions and the areas which are predominantly agricultural. Good crops and high prices have kept farm income close to the peak and have also stimulated business of all kinds in the cities throughout the farming districts.

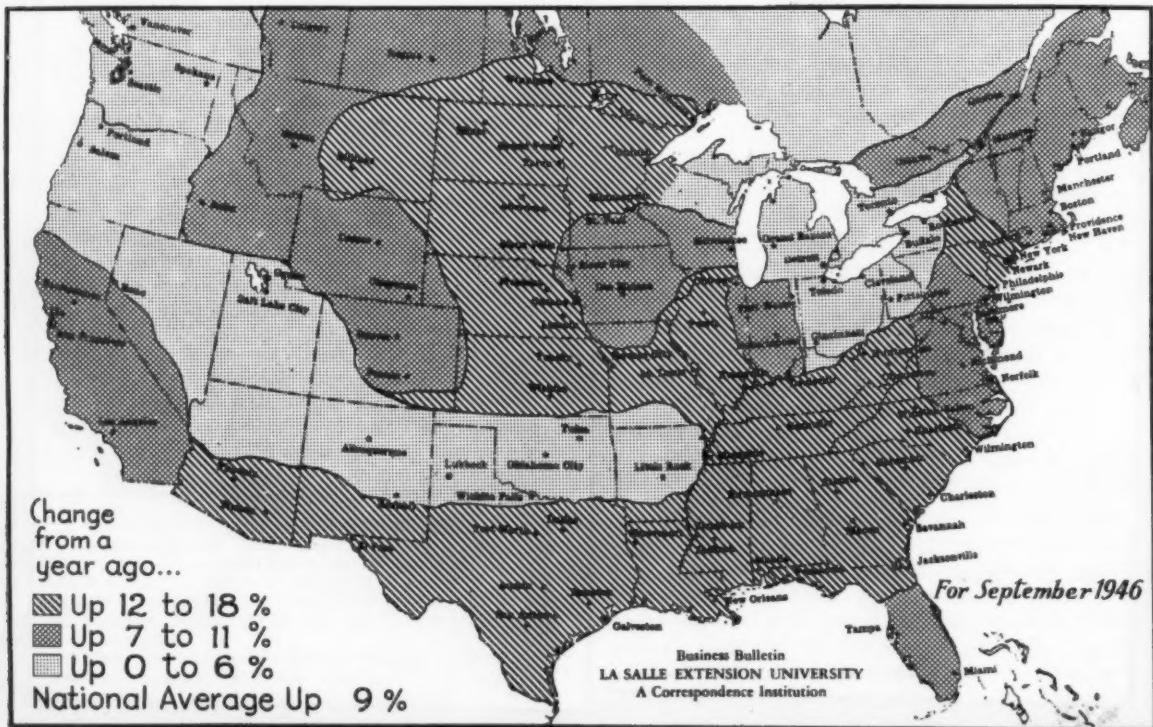
WHILE CONDITIONS are relatively least favorable in the industrial regions, especially those of the East and the territory south of the Great Lakes, significant improvements have been accomplished in the New England states. Business there is about the same as the national average and many medium-sized plants producing consumer durable goods are running close to capacity. If material shortages and work stoppages can be remedied soon further advancement can be expected in this section.

THROUGHOUT THE SOUTH and in much of the agricultural Middle West business volume is quite a little above the national average. Some slowing down of trade in a few

of the cities during the summer months was not sufficient to affect the general total. Prospects continue to be good, even though the cotton crop will be much below average. The reduction in output is being partly offset by the rise in prices. The vegetable, tobacco, and fruit crops are far above average. Record outputs of wheat, corn, and other feed grains are expected. Large crops when demand is high are always effective in stimulating business activity.

ALONG THE PACIFIC COAST activity is lagging somewhat, especially in the northern part. It is still high, however, in comparison with last year and with the prewar years. A considerable percentage of the industrial expansion in that area is being maintained and the readjustment has been accomplished much more smoothly than was generally expected. Indications point toward some improvement in this area and business there during the remainder of the year will compare quite favorably with that of other sections of the country.

IN CANADA, the marked contrast between the conditions in the industrial regions and the agricultural districts is the outstanding characteristic of the current business situation. The output of factories is a little lower than last year, but in many plants production is increasing. The volume of business is being maintained at a level somewhat above a year ago. Agricultural prospects in most sections of the country are favorable and crops are expected to be larger than those of last year. National income and consumer demand have been maintained better than has industrial production and the outlook is for a continuation of the high level of business volume.—**BUSINESS BULLETIN**, La Salle Extension University, Chicago, Ill.





Monthly CREDIT STATISTICS

CONSUMER CREDIT outstanding increased 52 million dollars or less than one per cent during July to an estimated total of 7,808 millions at the end of the month. Gains were confined to instalment loans and automobile sale credit, while moderate declines occurred in other types of indebtedness.

Instalment loans outstanding increased by about 4 per cent during July or at a somewhat slower rate than in other recent months. By the end of the month instalment loans were more than 50 per cent above the year-ago level.

Instalment credit outstanding on automobile sales rose 9 per cent further in July and at the end of the month was nearly twice the amount outstanding a year earlier. Other instalment sale credit decreased only one per cent in July when larger declines are usual. This type of credit continued about one-third larger than a year ago.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPART-MENT STORES	FURNI-TURE STORES	HOUSE-HOLD APPLIANCE STORES	JEWELRY STORES	
1941 December	20	11	12	23	46
1942 June	22	14	13	22	56
December	31	18	15	30	65
1943 June	29	21	21	33	62
December	35	22	22	55	63
1944 January	30	20	22	31	61
June	31	24	28	30	63
December	36	23	39	49	61
1945 January	32	21	34	31	61
June	32	23	43	33	64
December	36	24	48	46	61
1946 January	32	25	52	32	61
February	31	24	51	29	60
March	35	27	53	32	64
April	35	28	56	32	63
May	34	27	55	33	62
June	33	26	55	32	60
July	32	27	55	31	57

¹Ratio of collections during month to accounts receivable at beginning of month.

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT			LOANS	SINGLE-PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT				
			SALES CREDIT										
			TOTAL	AUTOMOTIVE	OTHER								
1941	9,899	5,924	3,744	1,942	1,802	2,180	1,601	1,764	610				
1942	6,485	2,955	1,491	482	1,009	1,464	1,369	1,513	648				
1943	5,338	1,961	814	175	639	1,147	1,192	1,498	687				
1944													
January	4,988	1,857	742	169	573	1,115	1,145	1,294	692				
June	5,168	1,840	706	192	514	1,134	1,242	1,370	716				
December	5,777	2,089	835	200	635	1,204	1,251	1,758	720				
1945													
January	5,486	1,972	777	192	585	1,195	1,246	1,534	734				
June	5,697	1,987	719	188	531	1,268	1,420	1,544	746				
December	6,734	2,365	903	227	676	1,462	1,616	1,981	772				
1946													
January	6,505	2,363	877	235	642	1,486	1,659	1,701	782				
February	6,564	2,409	879	245	634	1,529	1,671	1,602	793				
March	6,978	2,507	905	264	641	1,602	1,695	1,972	804				
April	7,315	2,652	957	289	668	1,695	1,710	2,138	815				
May	7,507	2,789	1,004	318	686	1,785	1,708	2,188	822				
June	7,756	2,908	1,035	336	699	1,873	1,697	2,122	829				
July	7,808	3,017	1,060	367	693	1,957	1,690	2,269	832				

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTOMOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	381	130	77	160
1943	641	174	271	29	68	101
1944						
January	576	158	248	24	55	91
June	515	138	237	15	44	81
December	635	184	209	13	70	100
1945						
January	574	172	249	12	61	92
June	532	151	237	11	49	84
December	676	198	283	14	74	107
1946						
January	642	189	272	14	66	101
February	634	184	274	14	62	100
March	641	188	279	14	59	101
April	668	200	288	15	60	105
May	686	206	295	16	61	108
June	699	210	299	17	63	110
July	693	208	297	19	60	109

DEPARTMENT STORE SALES BY TYPE

(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—January	64	4	32
June	63	3	34
December	64	4	32
1945—January	63	4	33
June	63	3	34
December	64	4	32
1946—January	64	4	32
February	61	4	35
March	59	4	37
April	60	4	36
May	59	4	37
June	59	4	37
July	61	4	35

Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent

Consumer Educational Campaigns

ARE CONSUMER educational advertising campaigns effective and do the results justify the expense? The answer is "Yes, if well-planned educational programs directed toward the consumer can be effective and not expensive." In addition, these campaigns also can prove educational to members and nonmembers engaged in retail selling.

As must any other public relations or advertising campaign, the credit bureau campaign must have continuity and persistence; it must be convincing. Because credit and bill collecting are in some way connected in the public mind, the tone and material of the campaign should not be vaguely general, patronizing, frightening, threatening or scolding. It should convey the thought that the general merchant body is more concerned with offering sincere assistance in the use of credit than it is in protecting itself against the user of credit. The credit manager and the bureau are paid to set up good accounts, not to collect bad accounts. The exchange of information among merchants should be shown as an assistance to those persons who have good credit records; it protects them as well as the merchant from carrying the burden of bad debts and returned merchandise caused by unwise, careless purchasers.

The credit picture changes. Not only do general policies alter with changing conditions, but there is also a constant change among those who seek credit. Youngsters grow up and get married. Older people require credit less with dwindling needs and increased savings. Many servicemen joined the services following a depression, unemployment and little earnings. They return to civil life with no credit records for a number of years, with gratuities and savings, increasing wages, but also strikes, rising living costs and an uncertain future. Other servicemen have spent all their adult years in the services. They have good war records but no credit records. Many young wives were earning money in wartime jobs and living with their parents. Now they want to set up their own homes, but they have little experience in home expense budgeting. These people all need education and guidance in the use of credit. That education cannot be accomplished overnight, nor can it be done without planned and well-directed publicity.

In nearly every case of retail credit for the homes, the wife is the major influence in family purchases. If a campaign were successful in educating only wives be-

tween twenty and forty years of age it would be tremendously worth while. The education of the individual who seeks credit should commence before seeking the credit, not after. The bureau is the proper organization to carry out the educational program.

The educational campaign also has value in educating retail firms, members and nonmembers. Consider this: in the first place, a bureau is only as strong as its members. The more members, the more records; and therein lies the ability to give credit reporting service. New members must be sold; present members kept sold. The townspeople must be aware of the bureau and bureau activity. If it were not so then the bureau might well be only a collection agency, competing with lawyers' letters and bicycle peddlers. Members who pay for service might demur at paying for advertising; yet members paying for advertising increase the ability for service. Ironically, some of the members who might look askance at a bureau advertising appropriation will spend large sums of money on institutional advertising to sell an idea concerning their own business. If credit managers were better advocates of bureau advertising, every bureau would include an advertising charge in its monthly dues. Does bureau advertising and store advertising in the same advertising medium reach the same people? Cash customers and credit customers come into the store through the same door.

Calgary Retail Credit Grantors' Bureau recently won a cup for the strength of its membership in its field. Constant awareness of bureau activity from ads in the local papers helped influence many members to join the Bureau.

The advertising appropriation for the main newspaper should be sufficient to carry on a worth-while campaign. The main newspaper, from the merchant's point of view and from the bureau's, is the one that is read by the most housewives. After forming a worth-while campaign in the main paper, if there are sufficient funds the second and other daily papers should be added. To try using a limited appropriation to cover too many media will result in spasmodic, small ads without the elements of a campaign in any one media. The National Retail Credit Association is to be congratulated for preparing a complete new series of pay-promptly advertisements, of which all are of uniform size. The bureau should place its advertising in the same medium which carries the bulk of the merchants' advertising. The same people read both ads.

In Calgary are two papers. Our bureau has had sufficient funds to place ads two or three times a month in each. These have varied in size but usually run about three columns by 8 or 10 inches. If they were larger in size they would be less frequent and lose a certain amount of continuity. If they were more frequent they would be smaller and lose in attention value and readability. We

HARRY O. SCHULTZ is Manager, Calgary Credit Bureau, Calgary, Alberta, Canada. He gave this address at the Credit Clinic of the 32nd Annual Business Conference, National Retail Credit Association, Statler Hotel, Cleveland, Ohio, May 16, 1946.

"Locating Skips"

(Beginning on page 17.)

for locating skips is that placed in operation through the medium of our Association, that is, Section 1218.1 (a) of the Postal Laws and Regulations, as amended, relating to registered mail and return registered receipt with address.

The value of this service is illustrated by a recent communication published in a Washington advertising medium. The writer of this communication praises highly this registered mail service in those cases where an account has become four to six weeks past the normal due date with no payment or promise of payment having been made. A form letter then follows and is said to have proved highly effective. It follows: "We are absolutely sure that you have enjoyed an excellent credit standing in the community; that was why we did not question the granting of our normal credit terms. Since you may not have received our previous communications on this past due item, we are confident you will appreciate the fact that we wanted this letter to reach you personally. We will consider it a great favor if you will give this your early attention. Thank you very much for your trouble." If this letter is used the National Office would like to be advised of results. ***

have run full pages when the messages were of sufficient importance. Full pages have been inserted during credit week campaigns when all the stores collaborated with the bureau in putting on an unusual credit campaign; that was practiced prior to Regulation 225, as we call it in Canada.

The selection of newspaper media is a matter of circulation. The selection of space, theme and frequency are matters of individual judgment and must be guided by the amount of funds available and the educational program to be undertaken. It is suggested that expert advertising advice and opinions be used. This could be obtained from an advertising agency or it could be secured from the local newspaper. In Calgary we are assisted by the local newspaper staffs. They work closely with retail merchants and are accustomed to writing advertising directed toward the Calgary housewives. There should be, wherever possible, a wide exchange of advertising campaign ideas between bureau managers. I suggest sample ads be sent to the central bureaus and photostatic copies be mailed from there to all interested members. Because of newsprint shortages it is difficult for one bureau to get sufficient tear sheets from its own paper to send to all bureaus.

There is one thought I would like to leave to justify Calgary's selection of newspapers as our medium for advertising. Unlike radio or billboard advertising, ads in the newspaper are read when the housewife is seeking information, privately, and when she is in a receptive mood. Reading ads is so much of a daily routine that it is taken for granted; yet no merchant who has ever made a price mistake in his newspaper ad will ever doubt the effectiveness of newspaper space. On the radio a bureau message might jar unpleasantly. The billboard, on the other hand, will not be seen until the housewife has already started downtown with her mind made up to purchase. ***

1946 Department Store PROCEEDINGS

• This is a complete report of the Department Stores Group Meetings of the 32nd Annual Business Conference held in Cleveland, Ohio, May 14-16, 1946.

• This year's Conference was one of the best in the history of the Association. Important credit executives from all over the United States and Canada took part in a most comprehensive discussion of such subjects as: Responsibility for Personnel; Promoting Credit Sales; Opening Accounts; Identification Procedure; Records; Credit Bureau Reporting; and Collecting Accounts.

• Included in this valuable report will be all the addresses given at the three meetings, as well as the open forum discussions.

• In addition, the proceedings of The Credit Clinic are also included. All groups participated in the Clinic. The Panel consisted of 15 credit executives representing 11 lines of retail business. These proceedings alone are well worth the cost of the booklet. Every member of the Association should order a copy today.

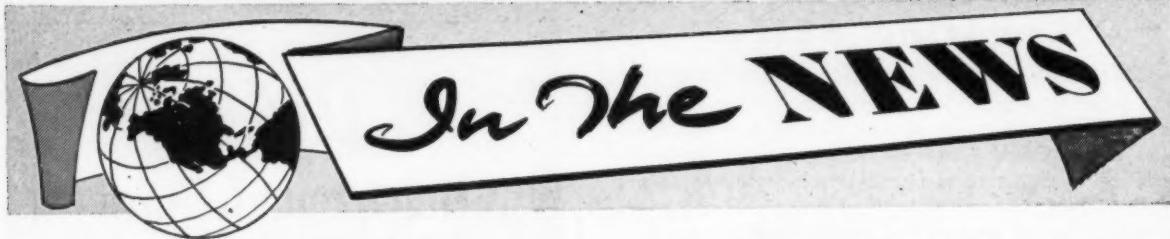
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CENSUS ESTIMATES 38,175,000 families in the United States as of July 1, 1946, an increase of 675,000 in the last year; total by 1950 will be 40,900,000; and by 1960, 44,775,000. Census' definition counts a family as such only when it has its own shelter. Establishment of 1,850,000 new families in the next two years means new markets in rugs, furniture, household equipment and gadgets; school facilities, retail outlets, and places of entertainment.

★ ★ ★

HEAVY SPENDING is adding to inflationary fires. Consumers spent at the record annual rate of \$120 billion during the first quarter of 1946.

★ ★ ★

BUYERS PAID cash for nearly three out of every five farms sold in 1945, according to the latest survey of the farm real estate market by the United States Department of Agriculture. This showing reflected continued high incomes of farmers and others combined with the record accumulated savings of individuals.

★ ★ ★

FOREIGN TRADERS have noted with interest the recent approval by the New York Legislature authorizing the creation of the World Trade Corporation to consider the establishment of a World Trade Center in New York State to cost at least \$100 million. Governor Dewey appointed 10 directors of the corporation to be headed by Winthrop W. Aldrich, Chairman of the Board, Chase National Bank.

★ ★ ★

WITH THE credit from the United States easing her dollar exchange position, Britain is counted upon to become an active supporter of multi-lateral trade and moves for removing barriers to a freer flow of international trade.

★ ★ ★

TO ELIMINATE further interference with production, an effort will be made by the Conciliation Service to head off labor disputes before they develop into strikes. The Civilian Production Administration will notify the Conciliation Service whenever such a dispute develops and appears serious. The Conciliation Service will then give the dispute priority. Assistance of trouble shooters from Washington will be given to local conciliators when the latter are unable to work out a settlement. In the event the conciliators cannot settle the matter top Labor Department officials will take over.

★ ★ ★

UNITED STATES merchandise exports during the four war years 1942-45 reached the unprecedented total of \$45 billion, equal to the combined value of exports in the previous 14 years.

★ ★ ★

THE LAG in passenger automobile production is reflected in car registration figures. A survey shows that in the first half of the year registrations in eight states were only 16 per cent of the same period in 1941. Truck figures are much better. Truck registrations in 24 states were 190,000, as against 300,000 in 1941.

★ ★ ★

FEDERAL RESERVE BOARD studies and figures, have brought speculation that the savings available for heavy buying of new goods, is quite limited, the largest

amounts being held mostly by medium and better than average income families. Thus the mass purchasing must come through credit. And, already, consumer credit patterns are assuming prewar patterns, but with banks now more aggressive than formerly.

★ ★ ★

THERE WERE 3,235,000 business establishments in the United States at beginning of 1946, a net increase of 400,000 in the previous two years. But veterans' rush to radio shops, electrical appliance stores and automobile service stations may be too sudden for sustained commercial vitality. One midwestern community of 2,000 population now has nine radio and appliance stores. The largest percentage increase in the number of retail stores from the beginning of 1944 to the beginning of 1946 was in the appliance and radio field.

★ ★ ★

DURING THE war the nation's farmers enjoyed their most prosperous years in history, increasing their net income 200 per cent and piling up a \$10 billion backlog of cash and government securities. The farm market is now larger than ever before and it should play an important part in bolstering the postwar economy.

★ ★ ★

A FURTHER rise in business capital expenditures in the remaining months of 1946 is forecast by the Federal Reserve Board. Business expenditures for construction of new plant and equipment, the board notes, more than doubled in the last year to a quarterly rate in excess of \$2 billion.

★ ★ ★

THE REAL income of the American people, at the start of July, 1946, was 89 cents, or 11 cents on the dollar lower than a year earlier, according to a study of what people earn and spend, made public by Investors Syndicate.

★ ★ ★

THE AVERAGE per capita income in the United States reached an all-time high of \$1,150 in 1945. The figure represents an increase of 2 per cent from the 1944 level of \$1,133 and an increase of \$575 per capita over 1940. New York led the states with a per capita income of \$1,595. Mississippi was low with \$556.

★ ★ ★

RETAIL FURNITURE store sales declined 6 per cent in July, reflecting slightly less than the usual seasonal declines in both types of credit sales. Cash sales showed about the customary decrease from June to July, and were more than two-thirds larger than a year earlier. Sales on instalment and charge account also showed considerable gains over the year period.

★ ★ ★

DEPARTMENT STORE charge accounts receivable declined less than is usual in July, but continued more than one-half above the year-ago level. Collections on charge accounts were down slightly during the month, and the collection ratio declined three points to 57 per cent. Charge accounts were outstanding, on the average, approximately 53 days, as compared with about 48 days in July a year earlier.

★ ★ ★

INSTALMENT ACCOUNTS outstanding at furniture stores at the end of July remained at the June level, while those at jewelry stores decreased by about the customary seasonal amount. Household appliance store accounts receivable increased slightly, and continued substantially higher than in 1945. At furniture stores the amount outstanding on July 31 was 26 per cent larger than on the corresponding date a year earlier, as compared with 31 per cent at jewelry stores.

Reading this publication carefully and regularly will contribute to your success as a Credit Executive.

Credit and Collection Procedure

Combination of Negative and Positive Authorization

WITH THE ADVENT of federal control of thirty-day accounts The H. C. Capwell Company has found that it was not practical to survey customers' accounts for defaults and then close the tube room rand. Instead, the Company combined negative authorization with the positive rands as follows:

When our customers' bills are released by the billing department they are analyzed for default. From this group a temporary default list is typed up. At the close of the bill mailing period the cash which has been received from the first of the month to that date is checked against this list, and all accounts which have been cleared within the grace period of the first to the tenth are removed. The balance of the group constitutes the actual default list.

The names appearing on the default list are then typed on sheets of paper which are cut to the size of our authorization panels; the original is sent to the tube room and is pasted on a vacant panel on our authorization rotaries. The duplicate is kept in the credit department as a work sheet. As remittances are received during the balance of the month they are checked against this default or stop list; as the accounts are brought to a current condition they are ruled off and the duplicate stop list is sent to the tube room daily and the names of the cleared accounts are then removed from the original stop list. This procedure keeps the stop list up to date. At the end of the following billing period this old stop list is destroyed and the new one is put in operation.

How the System Operates

For authorization purposes this negative or stop list operates as follows: Charga-Plated saleschecks over the floor limit of \$10.00 are referred to the tube room for authorization. First they are checked against the stop list; if the name does not appear on this list, and the charge is not more than \$25.00, the sale is approved. If the charge is more than \$25.00 and does not appear on the stop list it is then referred to the permanent authorization index for control purposes. If the name appears on the stop list, and if the charge is over \$10.00 it is referred to the credit department for special handling.

Sales to customers not having a Charga-Plate, if over \$5.00, which is the selling floor limit, are sent to the tube room for authorization. These sales are checked first against the stop list. If the name appears on the stop list she is sent to the credit department. If the name does not appear on the stop list it is then checked against the permanent authorization index for the purpose of: (1) determining if the customer has a charge account and (2) credit control.

This plan has worked quite satisfactorily with us, and has reduced the freezing of accounts to a minimum.

We are mailing approximately 50,000 bills each month. The analysis of the accounts for the preliminary default list furnishes us with an excellent collection work sheet. The preparation of the final stop list requires only twenty-four man hours; and it is a tremendous advantage over our original plan of freezing and unfreezing the permanent authorization index. One of the weaknesses of this type of authorization is that we lose all special control such as shopping instructions placed on the account by the customer and a close credit control on all Charga-Plated sales up to \$25.00. The only way in which this control could be secured would be by adding the names of such accounts to the stop list, even though they are not in default.—Harry L. Bunker, *Credit Manager*, The H. C. Capwell Co., Oakland, Calif., President, National Retail Credit Association. ★★

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Editorial COMMENT

How to Improve Your Credit Bureau Service

THE CREDIT BUREAUS of North America have emerged from the trying years of the war with colors flying.

Not only were they handicapped because of insufficient and inexperienced personnel, but they suffered a severe loss of revenue. Notwithstanding that, with few exceptions, they rendered satisfactory service.

It is proving difficult to cope with the rapidly increasing volume for several reasons. The principal ones are:

1. Failure of the inquiring member to obtain a complete application. This often makes it necessary for the Credit Bureau to "dig" out the information, slowing up the service, and adding to the cost of operation.

2. Slowness with which inquiries are answered by the credit grantor, requiring one or more follow-ups by the Credit Bureau, and making it impossible to render the prompt service that is expected by efficient credit executives.

3. Incomplete data, such as the given name of wife or husband, former addresses and employment, as

well as trade references. On out-of-town reports, failure to supply full information often results in delays of a week or more. This not only slows up the service but increases expenses, both for the local and foreign bureau; worse still, it affects the service that the customer has a right to expect. It frequently results in the loss of patronage and tends to destroy good will.

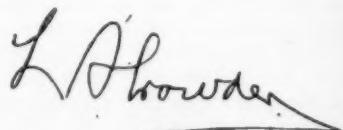
What can you do about it?

The first step is to scrutinize all applications for credit and make sure that essential information has been obtained.

Next, you should delegate one of your most capable assistants to check, daily, preferably the first thing each morning, any unanswered inquiries, and to see that they are handled immediately.

Finally, have submitted to you, daily, all inquiries in the office more than two full days.

Your cooperation will speed up Credit Bureau service, locally and nationally, and will enable credit grantors to build good will by handling all applications for credit with dispatch.



General Manager-Treasurer



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